Retirement Lifestyle Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Simon Popple
Brookville Capital

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me once again on today's program is returning guest, Mr. Simon Popple. Simon's website is www.goldprogram.co.uk. That's www.goldprogram.co.uk. There's a lot of free newsletters, a lot of free reports there, and there is a book there that is remarkably inexpensive. I'd also recommend you pick it up. Simon, welcome back to the program.

Simon Popple:

Great to be here.

Dennis Tubbergen:

So, Simon, for our listeners maybe that aren't familiar with you and your background, could you just provide a little bit of your professional experience? How did you end up getting to where you are now?

Simon Popple:

Okay, well, I mean I suppose quite a well-trodden route, the MBA, Investment Banking. I then went into property, did well there. I was the youngest director of one of the world's largest private property companies, but I kind of figured that everything's got cycles and even though I left the property cycle early, I'm very glad I did because I think commodities have got a fantastic future, particularly gold. And so, I started investing in them. The investments went very well. I got asked to write a letter for MoneyWeek, which is a kind of UK publication, and then they're owned by Gorra Financial. So, when they were sold, Gorra kept me on and I wrote the sort of European newsletter for them called Gold Speculator. And yeah, I mean basically the sector has been very kind to me. I've done very well with my investments. They made a lot of money for me and other people. And so basically what I'm doing is trying to help people invest in a sector that's Bizarrely been around for thousands of years, but very few people have any exposure to it.

Dennis Tubbergen:

Well, Simon, thank you for that. Given your background, you mentioned you had some background in banking, what's your take on the health of the banking sector at this point?

Simon Popple:

Well, I mean, the thing is banks up until now have always been able to kind of lean on the central banks who print money. So, whatever you owe, they can kind of create the money out of thin air, which is, in all honesty, it's worked very well. But one of the things I like about commodities and gold in particular is you can't print them. And I think that at some point there will be some genuine pain in the system and although the system will print to try and alleviate that pain, I think that people will want something that's tangible and there aren't many tangible assets out there, but gold and commodities are tangible. They're real things. And I think at the end of the day, people would like to be investing in something that's real rather than that couldn't be changed at the click of a button.

Dennis Tubbergen:

So, Simon, when you talk about commodities, you talk about gold, you talk about silver, copper has been looking pretty good of late, do you have a favorite among the commodities?

Simon Popple:

Well, I mean I like all the ones you've mentioned. I would probably add uranium to that, and nickel, but I suppose if I have a favorite, it's gold, but I'm a great believer in diversity and so I think you should have a bit of everything. And if you're going to have more of anything else, I personally like gold, but I'd start off by having a bit of everything and then if you've got enough money left over after that, then perhaps get a bit more gold. But I think having a diverse approach to commodities makes a huge amount of sense.

Dennis Tubbergen:

Simon, historically when you study the relationship between how stocks perform and how commodities perform, from the research I've done, the reading I've done, they seem to be inversely correlated. So if you're bullish on commodities, does that make you bearish on stocks?

Simon Popple:

Well, in a way, yes. I mean, what I like about commodities is they are, especially gold, it's often viewed as an inflation hedge. And I think that whilst there is some truth in that, people need to be a bit careful because there are times when inflation's gone up and gold's gone down. But one of the things that caught my eye recently was looking at debt and gold and there seems to be a relationship over the longer period between debt and gold. As debt goes up, the gold price goes up. And so, I think that a lot of people have done very well out of equities, don't get me wrong, and you can still get gold equities, but I would be inclined to have at least some of my capital in gold and gold equities because if other equities head south, then it's nice to have got some diversification.

Dennis Tubbergen:

Simon, you mentioned when debt goes up, gold typically goes up. I found that to be an interesting comment. The first thing I thought of when you said that is that when debt gets to a certain point, particularly when debt on the balance sheet of governments gets too high, central banks tend to try to paper over the problem. Certainly, we've seen that to a great extent here over the past few years. Is that the heart really of this correlation?

Simon Popple:

Yeah. In a way, it is, I think. I mean, central banks have been buying a lot of gold as you know, and we're told inflation is coming down, is under control. But from a personal perspective, if I go shopping or go and fill up the car, the level of inflation that I'm told is in the economy bears no resemblance to my own personal level of inflation. Now I think you can run that policy for a while, but after a while it catches up with you.

Just by way of a very simple example, if you lend me a hundred dollars and you say, "Right, Simon, I'm going to charge you 10%, so in a year you get $110 back." Now if the $100 that you lend me today, you could buy your 10 favorite bottles of wine. But in a year's time with $110 that you get back, you can only buy nine, that's a strategy that doesn't... You can do it for a year, maybe a bit longer, but after a while it catches up with you. And if I want to borrow money again off you, you'll probably say, "Well, it's not 10%, it's 20% because I want to buy my nice bottles of wine again, and by the way, it's probably 25% because I want to get that bottle, I missed back." So I think that you need to be careful about working at your own personal level of inflation because that may be different to the headline rate you're told about. And I think that's particularly important on a number of levels.

Just for example, if you get a pay rise and we're told that, say, the level of inflation is running at, let's say, 3% and you're given a 6% pay rise, your boss probably thinks he's doing you a bit of a favor because you've got the 3% plus 3% for working well. But if your personal level of inflation is at 6%, they're not actually doing you any favors at all. All they're doing is keeping your pay at the same level as you had last year. So, I think it is worth working out what your own level of inflation is. The easiest way to do that really is to look at what you spend most of your money on and seeing whether or not it's going up in price.

Dennis Tubbergen:

Well, Simon certainly using the bottle of wine as an example is an analogy that many of our listeners, I'm sure can relate to. So, I thought I would comment on that. Let me ask you, what is Simon Popple's forecast for inflation moving ahead? When I look at the March numbers that just came out, they were hotter than expected, and that is the official headline rate of inflation, as you correctly pointed out, that's not really the inflation that any of us are experiencing. We're experiencing a much higher rate of inflation. So where do you think inflation goes here over the course of the rest of 2024?

Simon Popple:

Yeah. Well, I mean I think a lot depends on how you spend your money and things like that. But I mean for me, food prices are, I'd say double digits. I must say, I haven't really kept a price, sorry, a keen eye on energy prices, but it'd be no surprise to me if they were sort of at least close to double digits. And so I think that the inflation genie does need to be put back in the bottle. And what particularly scares me is the talk of interest rate cuts. Now if you've got inflation and interest rate cuts, the inflation ain't going to get any better, it's going to get worse. And so, I think that people do need to sort of think about inflation a lot more now than perhaps they used to.

And I think that's a big problem for investors because in the past, I'll give you another example, there's people who, let's say, put money in the bank and inflation was running at, let's say, one and a half and they got 2% interest from the bank and they were sort of bitching and moaning about it, but they're actually making 50 basis points. But if the bank is now paying you, let's say 7%, but inflation's running at 8%, you're actually losing a hundred basis points. But people actually feel wealthier because they've got more money.

Now, I think it's going to take a while for that to sink in, but I think that people do need to be really cognizant of what that own level of inflation is. And it may be that that's the headline or maybe even lower than the headline, which is great if that's the case. But I think for a lot of people it could be higher and if it is higher, they need to make sure their investments align with their level of inflation because if they don't, they're losing money.

Dennis Tubbergen:

Simon, we have about a minute left in this segment. If our listeners go to www.goldprogram.co.uk, what will they find there and why should they go there?

Simon Popple:

Well, basically there's a whole lot of free stuff. I put some free newsletters out that explains what's in my book and how I invest. There are some reports which I think people will find useful. All this is free, and if they decide that gold is for them, they may want to buy the book. And I've got a squad in there where I actually select companies that I choose from, which people I think will find very helpful. But there's loads of free stuff. So, if people really want to get on the journey, even if they don't do anything just to monitor what's happening, then I think that's a step in the right direction.

Dennis Tubbergen:

Well, my guest today is Mr. Simon Popple. The website again is www.goldprogram.co.uk. Go check it out. I'll continue my conversation with Simon when RLA radio returns. Stay with us.

I'm Dennis Tubbergen. You're listening to RLA Radio. I have the pleasure of chatting today with the returning guest, Mr. Simon Popple. Simon's website is www.goldprogram.co.uk, lots of free resources there as well as a buyer's guide to gold book. I'd encourage you to check that out.

Simon, in the last segment you mentioned that the talk of central bank interest rate cuts worries you because that will likely feed inflation. Where do you think central banks go for the rest of the year? Here in the U.S., we've got an election coming up. Certainly, when you look at the party in power, there's going to be a lot of political pressure on the Fed to ease to make things maybe seem favorable economically speaking. What do you think happens here with central bank policy for the rest of the year?

Simon Popple:

Well, I think it's very interesting because I think if they are going to cut rates, they probably need to cut them in the next few months because if they don't do anything until September, October when the election is in full swing, they don't want to be viewed as politically aligning themselves with anyone. And so I think it makes it difficult to cut in those months. So I think that if we do get cuts, it'd be no surprise to me if it's more June, July. And then perhaps when the election's taken place and there's a new president, there'll be further cuts. But I think it's certainly something that people need to bear in mind that it'll be difficult to make these cuts during the election process.

Dennis Tubbergen:

Simon, I have made a forecast here on the program that listening to a lot of very bright people like yourself give their opinions as to where things are going that I think we're headed for what I would consider to be a stagflationary outcome, that inflation will continue, perhaps even accelerate for some of the examples you gave in the first segment. And at the same time, we'll have economic contraction. In fact, I think there's an argument to be made here in the US that if it wasn't for US government deficit spending, we would already be in a recession. Do you agree with that forecast of stagflation or do you not and why?

Simon Popple:

Yeah, unfortunately I do. And what I'd add to that Dennis is you and I can't control stagflation. Whatever the economy does, it does. But what we can control is what we invest in. And I would urge people to try and deal with what they can control rather than worry about what they can't control and what they can control is what they invest in. And I think a lot of people have got no investment in commodities, and I just think it makes sense to have some, I'm not a believer that you should put all your money in anything, but I think just having a diversified portfolio with some of your money in commodities, in different types of commodities, in different ways, you may have some physical golds, you may have some uranium equities, you may have, I don't know, a copper ETF, I don't know. But what I'm saying is I think it makes sense to diversify in a number of different ways. So, if the market does go against you, then you've got more chance of having some investments that are holding up quite well.

Dennis Tubbergen:

So, Simon, you mentioned gold, you mentioned silver, you mentioned uranium, copper, we've talked about those. Feel free to add to any of those commodity assets as you see fit. Almost all of those commodities, one can invest in an ETF that tracks the price of the commodity. You can also invest in the real stuff. How do you prefer to invest in commodities?

Simon Popple:

Personally, I like to have the real stuff because although ETFs can be very efficient in an efficient market, if there's any issues with the market, let's say another Lehman type event, gold, hope it doesn't happen, but what I like about the equities and owning the physical is you've got generally two sides to the deal. You've got you and the company that stores and ensures the gold or the company that is producing the gold.

As soon as you bring an ETF into it, there's lots of links in the chain. And if they all function, that's great, but if you've got a problem with one of the links, then you've got a real problem. And so personally, and it's very much a personal choice, I prefer to have the physical. And I know that some ETFs say, well, if you invest with us, then it is backed by physical, but in a lot of cases you can't actually get your hands on the physical. So, if that's what they're saying, then I would say to them, "Well, look, could I have the physical if I needed it?" And if they say yes, fantastic. But if they say no, I'd be a little bit concerned.

Dennis Tubbergen:

Simon, I'd like to go back and revisit real estate here for just a moment. When you look at the commercial real estate market, seems that it is collapsing, kind of collapsing in slow motion is how I see it. We have a Canadian pension fund that just sold their interest in a Manhattan office building for a dollar. It's the old, "Hey, give me a dollar and take over payments. You can own the office building." The tallest building in Brooklyn, New York is now going to a foreclosure auction in June. There's about a million dollars in commercial real estate loans that are going to be refinanced here over the next nine months here in the US. Seems like this collapse in commercial real estate is going to have to continue. Do you think it'll get legs to the rest of the real estate market and when looking at investing in things that they can't print, to quote you from the first segment, that you should avoid real estate or what's your take there?

Simon Popple:

Well, I think the real estate is an interesting market because it's what I describe as a very local market. Property in New York is important if you want to live in and around New York. But if you don't want to live in and around New York, it's kind of irrelevant. And one of the things I like about gold is its location agnostic. If you've got gold, it's worth the same amount in South Africa as it is in the UK, as in the US. So, I think there's a very... Real estate is an interesting area, and it does worry me, particularly commercial. I'm less worried about residential because there's so many people wanting real estate, the demand is very high. I think that the residential market, whilst it may suffer, I think it'll hold up better than most.

But the commercial real estate market, I'm genuinely concerned about it because especially with more people working from home and companies becoming a lot more savvy about technology and things like that, the demand for some of this real estate is literally evaporating. And if you paid hundreds of millions for a building and no one wants to work in it, then it's a huge problem. So yeah, I do think the commercial real estate market is going to have some interesting times to put it mildly.

Dennis Tubbergen:

I'm chatting today with Mr. Simon Popple. His website is www.goldprogram.co.uk, lots of free newsletters there, lots of free reports, and an investing in gold book that is available for essentially shipping, not much money. I'd encourage you to check it all out. Again, the website, goldprogram.co.uk.

Simon, do you have an opinion on cryptocurrencies? Bitcoin recently reached high levels at about the same time as gold, although there seems to be a bit of a disparity in performance as gold has continued to move up and Bitcoin has pulled back some. Ethereum has actually outperformed Bitcoin. What's Simon Popple's position when it comes to cryptocurrencies?

Simon Popple:

Well, look, if I'm honest, I don't really understand them. And if I don't understand them, I don't invest in them. I had lovely quote from, I think it was Paulson who said that "Crypto is a limited supply of nothing," and if you got in on the ground floor and you invested a few hundred dollars or perhaps even a few thousand dollars, then well done. You've done phenomenally well. But if I'm honest, paying, I don't know what it is at the moment, 70,000 bucks for something I don't understand, it seems a lot of money to me, and I would rather invest in gold because gold is real. It's tangible. And whereas crypto isn't.

If you buy your other half, a crypto ring, good luck with that. I think you could be in a spot of bother. I think chances are they'll want gold. So yeah, it is another product, but I view the crypto market, because I don't understand it, I view it more as gambling and investing if I'm honest. And if the price continues to go up, I doubt I'd say you could do very well, but if the price crashes and then someone said to me, why did you put your money in crypto? The answer is, I don't know. So, I don't have any money in it.

Dennis Tubbergen:

Well, Simon, I have time for one more question. It's amazing how fast time goes by when we start having a conversation. We have the BRICS countries now in 2024, plus some oil producing nations. Saudi Arabia is now part of BRICS, Iran, United Arab Emirates. They have been talking for the last year and a half or so about a gold-backed trade currency to replace the dollar to some extent as a reserve currency or a trading currency. What's your take on that? Do you think that will happen, and do you think that's just another reason to own gold?

Simon Popple:

I think it'll happen, but I think it could take a long time for it to happen because the dollar is such a strong currency. But I think as much as anything, I think it will force the US into thinking perhaps a bit more carefully about printing money. And having a gold backed currency, on the one hand, it'd be fantastic for people, but on the other hand, I think it would really limit your ability to expand their currency. So, I think there could be some major issues for such a currency going forward. I can't see it being a hundred percent backed. Probably more like 20, 30% backed by gold and other commodities. But I think the direction of travel is clear, that more people want tangible assets and these gold backed currencies. But I think the speed of travel is less clear. And so, the answer is yes, I like the idea of having gold, but it is for a variety of reasons and not the specific reasons such as that.

Dennis Tubbergen:

Well, the clock says we have to leave it there. My guest today has been Mr. Simon Popple. His website is www.goldprogram.co.uk. I'd encourage you to check it out. Simon, thank you for joining us today. I always get great response from the listeners when you're on the program and love to have you back down the road.

Simon Popple:

That was great. Well, really enjoyed it and look forward to catching up with you soon.

Dennis Tubbergen:

We will return after these words.