Strategic Wealth Preservation

INSIDE THE VAULT

A QUARTERLY NEWSLETTER FEATURING PRECIOUS METAL INSIGHTS - OCTOBER 2022

SINCE ESTABLISHING SWP IN 2014, WE HAVE CONSISTENTLY EXPANDED OUR SERVICES TO MATCH OUR CLIENTS' DIVERSE INVESTMENT NEEDS.

This has always been done thoughtfully and with great intention, as we assess current and future economic patterns and the potential implications on our clients' investments. We were amongst the first companies in our industry to accept crypto currency as payment for precious metal orders, and now, we are pleased to offer our clients the ability to be paid in Bitcoin, ETH or USDC when they sell their precious metals to SWP.

Combined with the launch of SWP Capital, our sister company that allows investors to borrow cash against their precious metal holdings, we are providing our clients with the flexibility and opportunities for a rapidly changing world.

With SWP, you can be sure we are always rooted in the present, and ready for the future. Thank you for your continued loyalty and support along the way.

Please enjoy this fall edition of Inside The Vault and benefit from the expert content within.

Mark Yaxley, General Manager for Strategic Wealth Preservation (SWP). He has been focusing on the diverse needs of retail and commercial precious metal investors since 2006.

Follow Mark on Twitter @YaxleyYax

GOLD AND SILVER TECHNICAL ANALYSIS

Technical Analysis Video by Chris Vermeulen, Chief Market Strategist for TheTechnicalTraders.com

You can follow Chris on Twitter @TheTechTraders

GOLD IN Q3: THE US DOLLAR ATTACKS!

Jeff Clark, Senior Analyst GoldSilver.com, Advisory Board Member SWP

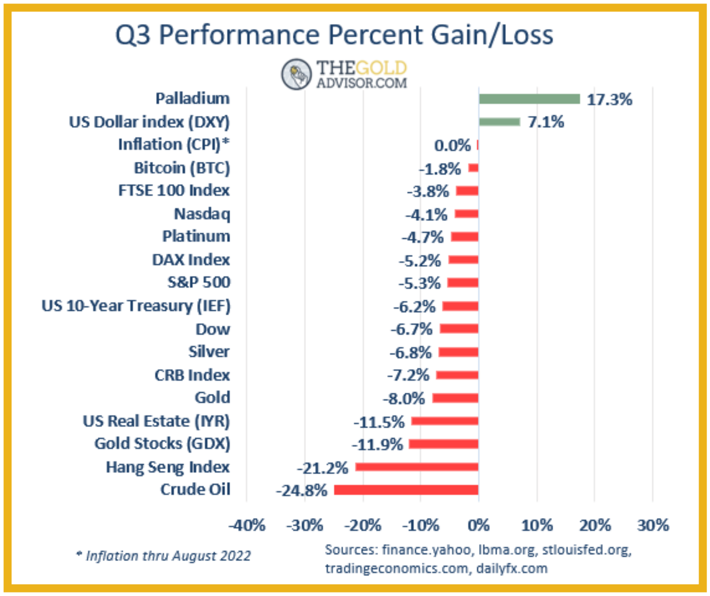
As Fed Chairman Jerome Powell made clear last month, the US central bank will be "resolute" in fighting inflation. That translated into sharply higher interest rates, and as a result a soaring US dollar.

The Fed approved a third consecutive 75-basis-point hike in September, the fifth raise this year, the most aggressive move since the 1980s. The US dollar soared in response, pressuring many assets including precious metals since they're priced universally in dollars.

Our ITV report looks at the performance of precious metals and other major asset classes in the third period of 2022, along with year-to-date. We also highlight the conditions that will likely impact them in the final quarter of the year.

Q3: All Hail the USD

Interest rate hikes and the unrelenting rise in the US dollar wreaked havoc on most asset classes last quarter.



Gold and silver struggled last quarter, down 8% and 6.8% respectively.

Palladium bucked the trend, rising an impressive 17.3%. This in stark contrast to its sister platinum, down 4.7%.

The US dollar rose over 7%, a strong move for a currency in a short period of time. Its unabated rise pressured stocks, Treasuries, commodities, and real estate.

Inflation showed signs of leveling out, but we're not holding our breath the Fed will get it back down to their 2% target. The pullback in crude oil was significant, though not surprising given the extent of its recent run.

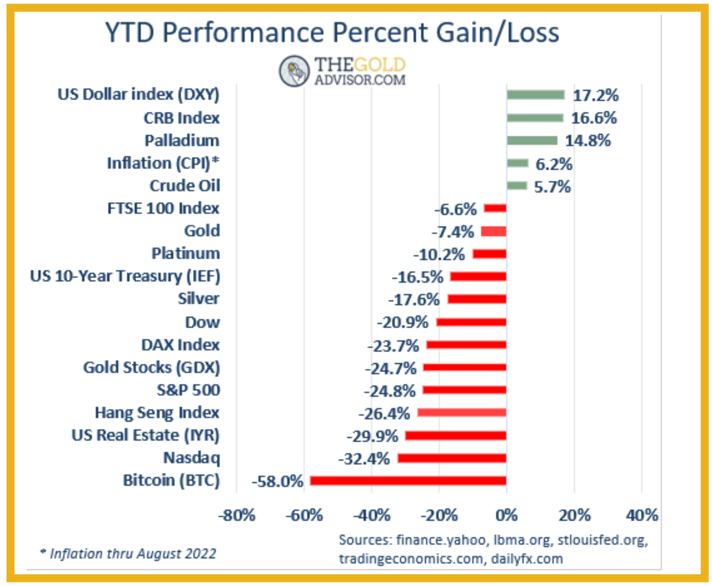
YTD: Gold Softens Stock Losses

Gold is down 8.2% YTD, but that performance is a significant improvement over stocks, Treasuries, and real estate.

Silver is now down over 17% on the year. It's been gradually falling since hitting $30 in August 2020.

Palladium remains strong, up 14.8% on the year. Platinum is down 10.2%. Commodities as a group have been strong.

To state the obvious, common stocks have not fared well in 2022. The Nasdaq is down by a third, and the S&P 500 has now posted a rare third straight quarterly loss. Bitcoin is down a whopping 58% on the year.



What Does Q4 Bring?

It's hard to imagine a riskier environment for the final quarter of the year.

Interest Rate Aggression: The Fed's benchmark lending rate is now in the 3%-3.25% range, the highest level since the global financial crisis in 2008 and the toughest policy move since the 1980s.

Will the Fed get inflation down to its 2% goal? Most economists point out that the elevated CPI is more about supply chain issues, not overheated demand, and thus may not be helped by higher rates, at least in the short-term.

They can debate it all they want, but history shows higher interest rates offer no free lunch. They'll likely slam businesses and households hard, since borrowing costs are now significantly higher on homes, cars, and credit cards. History also shows that rate hike cycles have led to higher unemployment and lower government revenue, due to lower personal and corporate taxes.

When will the Fed pivot? The answer to that question likely signals when many assets, including gold, reverse and turn higher.

Recession Watch: The claims made by some in the mainstream that GDP was too strong for the US to experience a recession now seem particularly short-sighted. As one example, the Chicago PMI survey plunged unexpectedly into contraction in September, its lowest level since June 2020. In fact, every underlying component fell from the prior month.

The yield curve (10-year Treasury yield minus 2-year) also turned negative last quarter, an event that has predicted the last 6 recessions.

Meanwhile, both the International Monetary Fund and the World Trade Organization warned that countries around the world are sliding into a global recession. World Bank President David Malpass said developed countries should equally prepare for an economic slowdown. “A series of harsh events and unprecedented macroeconomic policies are threatening to throw development into crisis… This has consequences for all of us due to the interlinked nature of the global economy and civilizations around the world.”

Stock Market Vulnerability: Stock Market Vulnerability: To date, 2022 has been the worst year for markets in five decades. Stock and bonds sold off in unison, so traditional 60-40 portfolios took it on the chin, a fact that highlights the advantage of gold.

According to Bloomberg, a whopping $32 trillion in global stock market value has been lost just since November 2021. Many economists state the market remains vulnerable until the Fed reverses course, a fact history bears out.

Real Estate Reversal? The average 30-year fixed-rate mortgage in the US ended Q3 at 6.7%, the highest since mid-2007. For perspective, the 30-year rate one year ago was just 3.01%.

Affordability is now the name of the game in housing. With mortgage rate climbing and rents stubbornly high, demand is likely to ease, bringing down prices.

European Headwinds: Europe’s energy crisis has grown serious. Energy prices are 44% higher than a year ago, largely a result of Russia bringing gas exports to a standstill. In response, Germany announced a €200 billion ($195B) bailout plan. Combined with a 19% rise in food prices, inflation is now 10%, the highest level since reunification in 1990. Some ministers have caped gasoline prices.

Protests erupted in Germany, the Czech Republic and other European countries. Then the NordStream II pipeline was blown up.

Meanwhile, the Bank of England pledged unlimited bond-buying to avert what some view as an imminent gilts crash. Its 30-year yield fell the most on record last month.

Debts and Deficits: Deficit spending in the US continues at near-record levels, with Biden’s student loan forgiveness plan still in the works, passage of which would likely lead to higher taxes and/or more deficit spending.

The US ended the fiscal year $30.928 trillion in debt, an increase of $2.5 trillion over the prior fiscal year. Many advanced economies are deep in debt.

The issue with such elevated levels of debt is that higher rates make interest payments an increasingly bigger part of a government’s budget.

US Elections: US midterm elections are next month, with the country as polarized as ever. The Stock Trader’s Almanac reported that since 1946, the second year of a new Democratic president has ended with the S&P 500 losing an average of 2.3%.

Crypto Weakness: Bitcoin and other cryptos remain weak, the industry getting far less attention from investors and speculators than it did a year ago. It seems apparent cryptos are now largely viewed as a risk-on asset class.

The need for a safe haven asset is clear. The toxic mix of economic, market, and financial risks leave investors with few places to turn. Gold is an obvious and historically strong choice to balance a portfolio in the current environment, and silver will outperform it in the next run.

Follow Jeff on Twitter @TheGoldAdvisor

IN THE THICK OF IT

Written by Jeff Thomas, feature writer for Strategic Wealth Preservation, Doug Casey’s International Man and 321gold.com

For many years, I’ve written on what believed was a coming crisis of major proportions. I expected that it would be economic in nature but would be so major that it would also have tremendous political and sociological impact and would be at least as devastating as the Great Depression/World War II crisis.

My belief was that it would begin in 2007 or 2008 as a minor crisis and that the powers that be would paper it over, making it appear to go away, but in fact assuring that, in its second, later phase, it would be far more devastating.

In the second phase, I forecasted increasing inflation (almost certainly resulting eventually in uncontrollable hyperinflation), increased alienation of political parties (created by the media), market collapses and, later, the collapse of many, if not all currencies.

Along the way, I expected that there would be an aggressive move toward totalitarian rule by First World countries. This would be accomplished through the creation of fear amongst the populace.

I must say that it's been a longer time in coming than I'd anticipated, but if I had to point a "start" date, it would be the Fall of 2019. At that time, I was in Hong Kong and had become suspicious of activities that were taking place in nearby Wuhan, China.

I was later to discover that a foreign-owned research lab there, owned by Glaxo (which also owns Pfizer) had been tasked with the gain-of-function of lab-created viruses – a process that's intended to make viruses more severe.

Soon, these viruses were consciously released in Europe in North America, in several locations at roughly the same time. They then spread around the world.

On the surface, this would not seem to be connected with an economic crisis, nor the implementation of totalitarian rule, but in fact, they were essential.

The purpose of the virus was to create enough fear of sickness and death that the populace would go along with any and all demands by selected medical "experts." The experts would be backed up by governments, creating edicts that all demands be complied with no matter how irrational they might be.

At this point, the first phase of the political/socio-economic crisis was underway.

This first step was necessary to accustom the average person to comply with any demands, no matter how illogical or irrational.

To be sure, there has been pushback along the way and some governments have been more dictatorial than others in their demands and their punishment of refuseniks. (Residents of Germany, Austria, the Netherlands, and Canada will be particularly aware of this.)

It was necessary to accustom people with the concept of unquestioned compliance in order to pull off the second phase – unnecessary warfare.

For many years, the US, under the NATO banner, had been goading Russia into attacking Ukraine, but Russia would not bite. Then, on 28th February 2021, Ukrainian President Zelensky announced publicly that Ukraine would "go nuclear." Russia had long stated that a nuclear power on its western border was a development that it would not tolerate and, not surprisingly, five days later, Russia moved into Ukraine.

The reaction by the US was to impose sanctions on Russia, then to insist that Europe do the same. The sanctions would have minimal impact on the US but would be devastating to Europe. It would have no fossil fuel to create electricity or warm homes in the winter. There would be no wheat to create processed foods and no corn to feed to livestock. There would be no fertilizer to grow crops and roughly a third of all Spring planting in Europe would be cancelled due to fertilizer shortages. The result would be a winter of famine, unheated homes, and economic devastation.

Essentially, this was a death sentence for the people of Europe, and yet the national leaders of most European countries supported the sanctions, then blamed Russia for the shortages that they themselves had created.

Of course, Europe was already suffering under the most massive debt that it had ever taken on. The intension was to shift the blame from the banks and governments that created the economic crisis and to claim that "Russia's War" was the cause.

So, where does it go from here?

Well, we shall see massive shortages in goods, but especially foodstuffs. There will be considerable unemployment, dramatic inflation and, eventually, currency collapse.

But along the way, there has been considerable pushback. Dutch farmers caught the attention of the entire world with their simple message that, if they were to comply with their government, the Dutch people would experience famine. A simple, but highly effective message – one that has begun to arouse a population that, until now had become quite compliant.

Add to the this the increasing retreat from the US-led, EU-complied diktat by leaders in Sweden, Hungary, and especially, the election of a firmly opposing conservative government in one of the top three EU countries – Italy.

At this point, those who were aware of the US-led plan held their collective breath. And rightly so. The German people were opposed to the sanctions from the beginning and the new developments only increased their position that their government back off on Russian sanctions, or there might be mass death in Germany this winter.

The German people have understood all along that, all that's necessary to reverse out of a future that will devastate Germany, would be to cancel the sanctions and ask Russia to open up the taps of Nord Stream I and II.

Had these same people been paying attention to announcements in the US media, they would have been aware that both President Biden and advisor Victoria Nuland had intimated that, there would be no turning back, regarding Nord Stream. Each made a thinly veiled threat that if Germany were to re-connect with Russia, action would be taken regarding the pipeline.

Then came the announcement that both Nord Stream pipelines had been sabotaged. Immediately, the US conservative media laid the blame at the feet of the Biden administration, yet that administration has made no attempt to silence the media.

So, what does this say to us? It suggests that, while the US government has no intention of admitting its guilt in the blatant act of direct warfare against Russia, it's quite happy to have the message out there that, "We're not admitting to it, but this should be a lesson to anybody that messes with us. The economic collapse is under way, and we won't be backing off on it. We're just getting started."

So… we are now in the thick of it.

But, what's to come? Well, that was reviewed above. in the opening paragraph. The long-predicted collapse has not only begun, but the veil of innocence has now been dropped. This means that events, from here on in, will be far more blatant.

We're now in a socio-economic hurricane of massive proportions, but the worst hasn't hit us yet. Before it's over, we can expect warring governments to create totalitarian rule, "for security reasons." To fund a World War, each person will need to "do his part" – sacrifice his job, his home, and his bank account for the cause – for the "greater good."

At such a time, it's historically true that those who survive such a debacle monetarily will be those who 1) rid themselves of debt to as great a degree as possible, 2) locate themselves in a place that's unlikely to be at the bullseye of devastation (i.e., a country that's unlikely to be heavily affected, or at the very least, a more rural setting), and 3) become as liquid as possible: getting out of markets and loading up on those assets that have historically survived economic collapses – gold and other precious metals.

A decade or more ago, when I wrote of the famine, economic collapse and totalitarian rule by governments that I believed was to come, it was understandable that the claims I made seemed a bit over the top to many people. There may have been hints at such developments on the radar, but nothing concrete had yet occurred.

But we're now in the thick of those prognostications. They're becoming realities.

There remains a window to relocate, exit those investments that will either crash or be confiscated by governments, and move wealth as much as possible into precious metals.

But it's now quite late in the game and the remaining window will be brief.

PEOPLE SAY THAT THE ONLY THING CERTAIN IS DEATH AND TAXES. THEY ARE WRONG, WHEN IT COMES TO TAXES, YOU ALWAYS HAVE A CHOICE.

Written by Nathan Wilson, Certified Tax Specialist™, Independence Money

My goal as a Certified Tax Specialist™, is to educate investors on how "to protect assets and income from the theft of taxation." What are the reasons investors hold gold in the Cayman Islands? Some might answer preservation of wealth, and protection from overinflated currencies and others might answer privacy. However, we must also consider these views from the government's point of view.

The US government was the problem behind the global 2008 financial crisis and the solution by changing banking laws and running the printing press at full speed. Even after this crisis was absolved, the money printing didn't stop and, along with artificially low-interest rates, has now created multiple asset bubbles in the stock market, real estate, and even at these values – cryptocurrency. When the world's supply chain stopped during the 2020-2021 health situation, the money printing doubled the US national debt. Other western governments, including Canadians, are facing similar scenarios.

2013 was the last time the Dow to Gold ratio was equal. Except for 2018, 2007 was the last time the Fed Funds interest rate was above inflation. 2022 official CPI is over 8% and alternative CPI calculations are over 13%. This brings us to the question, "how is all this going to work out?" It's basic supply and demand. The gluttony supply of cheap money must flow somewhere, and most of us have heard the recent phrase, "the everything bubble." This increase in money supply has pushed almost all asset classes higher, except for precious metals…for now.

If physical metals are such a bad investment in recent times, why are the central banks of the world accumulating it by tons since 2008? The answer is that the crisis nearly wiped out the entire financial system and they know the leverage and derivates markets are multitudes larger than back then. Simply put, precious metals are the insurance with no fiat counterparty risk. But that's not entirely true. Gold and Silver still have one huge risk, and that is the theft of taxation.

There are multiple forms of taxes: income, capital gains, net investment tax, collectibles tax, and value add tax (VAT).

We recently met Mark at the Silver Symposium in Spokane WA where my partner and I were speaking on tax strategies regarding precious metals. So many audience members were surprised to learn long-term capital gains do not apply to physically owned precious metals. Taxes on PM owned longer than a year and sold for a gain are treated to the collectibles tax, which is a flat 28% federal rate, plus state income tax, plus the ObamaCare (NIT) tax of 3.8% where applicable. Simply put, the US government hates collectibles such as antique cars, art, gold, and silver, and in my belief, it's because these assets are outside of their tightly controlled financial system.

However, there is hope. We often say, the Congress writes the rules, and we get paid teaching people how to play. In this, and subsequent editions of the SWP Inside The Vault newsletter as well as the upcoming YouTube series of Inside the Vault, we will discuss ways you can protect yourself. It's not if metals rally in price, it's when. Take these low PM prices as your chance to be proactive, take decisive action, and to have a tax plan before that happens. Here is this addition's featured strategy – Retirement Accounts.

Hide in Plain Sight: Retirement accounts (IRA, Roth, 401k) are fully disclosed of their fair market value to the government each year. However, for those in an aggregate federal tax bracket less than 28%-31.8% the traditional IRA/401k would be a great option. For those in a much higher bracket, the Roth IRA/401k would be ideal. If metals surge in price, then the tax-free status of the Roth would be perfect.

Physical gold, silver, and platinum can be owned inside of retirement accounts. There are simple rules that need to be followed to stay in compliance. This strategy is loaded with a full range of benefits such as trading, using arbitrage on conversions, and taking physical delivery outside of the retirement codes.

Trading: The 80/50 rule is one every PM investor needs to know about. When the gold to silver ratio reaches 80 silver ounces to 1 ounce of gold, trade to silver. When the ratio reaches 50 silver ounces to 1 gold ounce, trade to gold. Over the past thirty years, this strategy would have multiplied your bullion by over four times. Trading inside of a retirement account protects you from that nasty collectibles tax.

Traditional vs Tax Free: Traditional IRA/401k is simply baiting the IRS tempts investors with. It's basic immediate gratification and a common recommendation given by CPAs. One gets a tax deduction on contributing at present value dollars. However, double that investment every ten years for several decades and then all the future dollars are subject to the tax rates set by a yet-to-be-elected congress. Taxes are going up in this money-printing world. Consider your tax scenario with a qualified professional or reach out to us to see if a conversion makes sense.

Arbitrage: Traditional IRA/401ks can be converted to a Roth by paying income taxes at the present valuation in exchange for not paying taxes in the future. However, what is the present-day fair market value (FMV)? It's whatever someone is willing to pay for it. An arbitrage strategy can be deployed using the physical premium over spot-on silver, which is much greater than gold. Buying silver in the tax-deferred traditional IRA/401k would result in paying the premium. There often is a delay from when the physical silver is purchased, shipped, and then placed in the name of your IRA/401k in a qualified custodian vault. Once there, ask the custodian or a large bullion dealer what price they would buy the silver. Get this in writing. Would that not quantify as the FMV? This value is what will be taxed on converting tax-deferred to tax-free before PM prices increase along with tax rates. Note one cannot take personal physical delivery as this would be deemed a distribution.

Taking Possession: Once over 59 ½ one can take personal physical delivery from their retirement account. Taxes would apply on tax-deferred IRAs, and tax-free on the Roth. However, even in the taxable IRA, most Americans are in a lower tax bracket than the 28% collectibles tax.

How Tos: There are rules established around this strategy. As this article is not investment advice, seek professional guidance or reach out to us at www.independence-money.com, on YouTube/Rumble as Independence Money, or email at team@independence-money.com

Keep stacking.

Strategic Wealth Preservation

ABOUT US

Strategic Wealth Preservation (SWP) is an international precious metals dealer and secure storage provider headquartered in the Cayman Islands. We specialize in the acquisition and secure storage of precious metals for individuals, companies, trusts and wealth management professionals on behalf of their clients. We deliver precious metals worldwide to homes and businesses and offer secure storage in vaults located in the Cayman Islands, Canada, the United States, Switzerland, Liechtenstein, Singapore and New Zealand. We also offer corporate disaster recovery services for businesses located in the Cayman Islands.

SWP's secure storage facility
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