

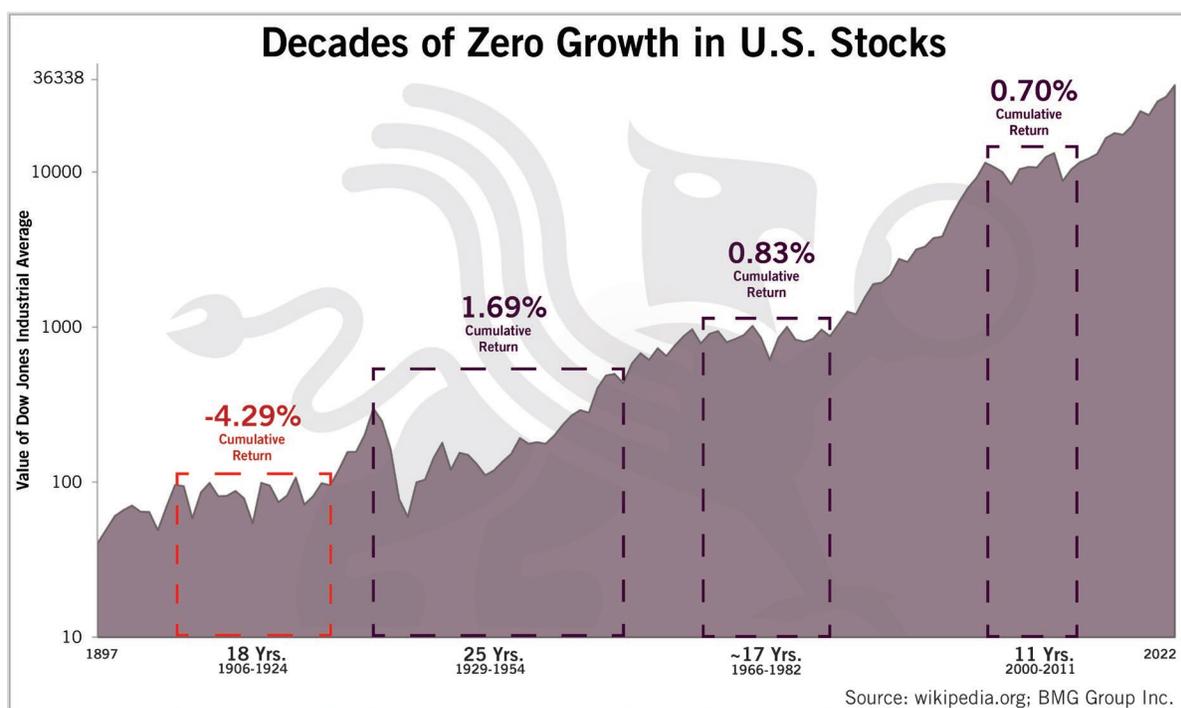


Missing The Opportunity Of A Lifetime

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By Nick Barisheff

Most investors have bought into Wall Street's mantra of always staying invested. While this strategy may work for institutions during a bull market as we have had for the last 20 years, today it is not the best strategy for individual investors. While equity markets have made substantial gains, there have been four periods when stocks generated zero growth.



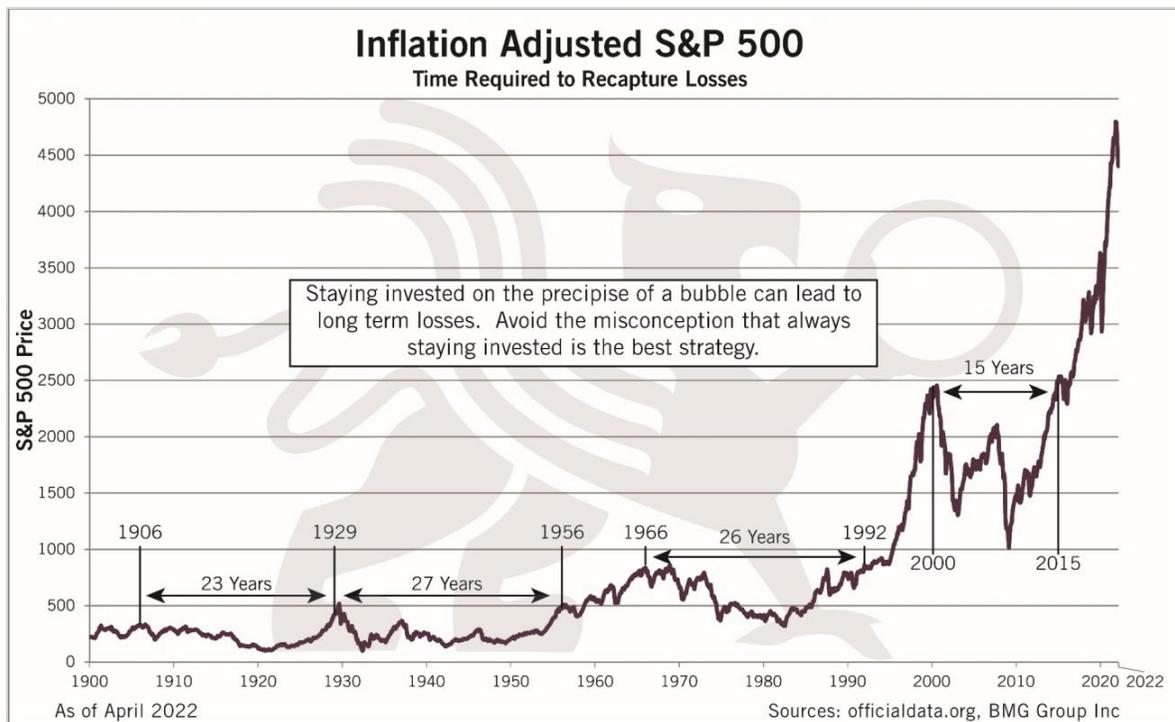
Today, however, we are already in a market that has peaked and started to decline. When [this market experiences a crash](#), most investors will lose at least half of their life saving and won't live long enough to break even.



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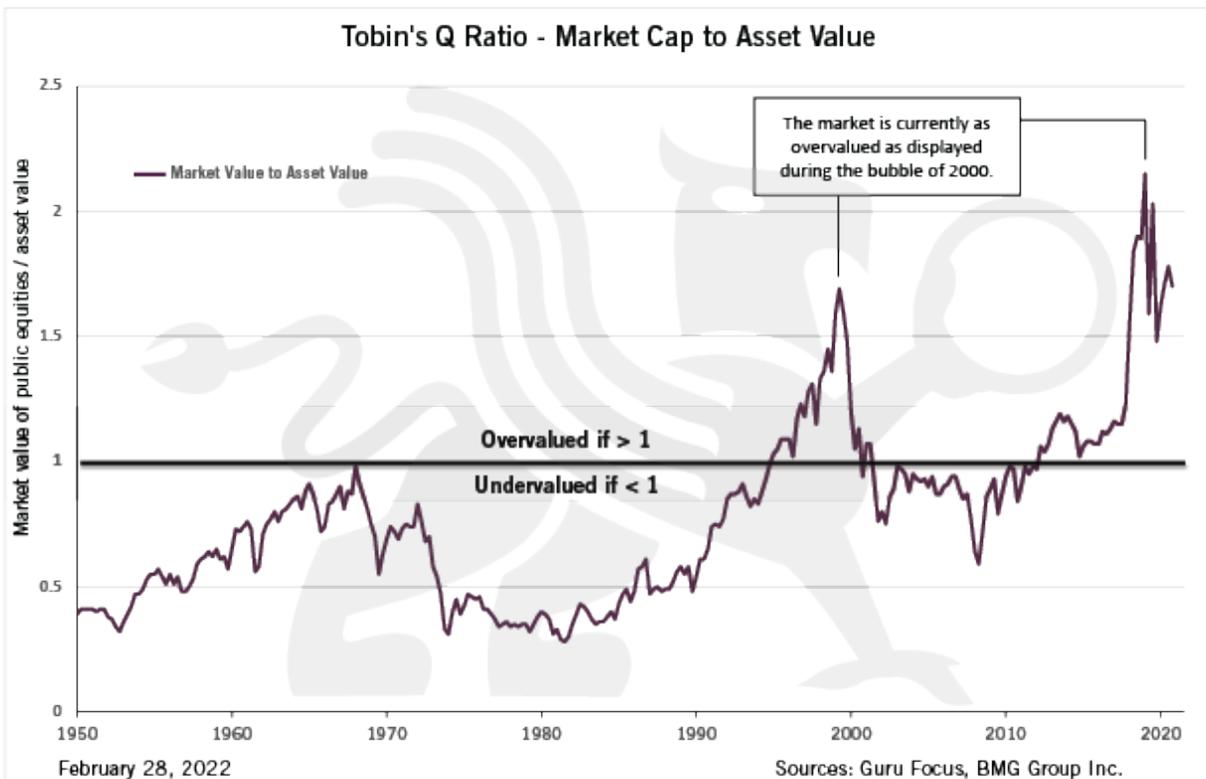
Decline	Gain Needed To Break-Even
-10%	11.1%
-25%	33.3%
-50%	100%
-75%	300%

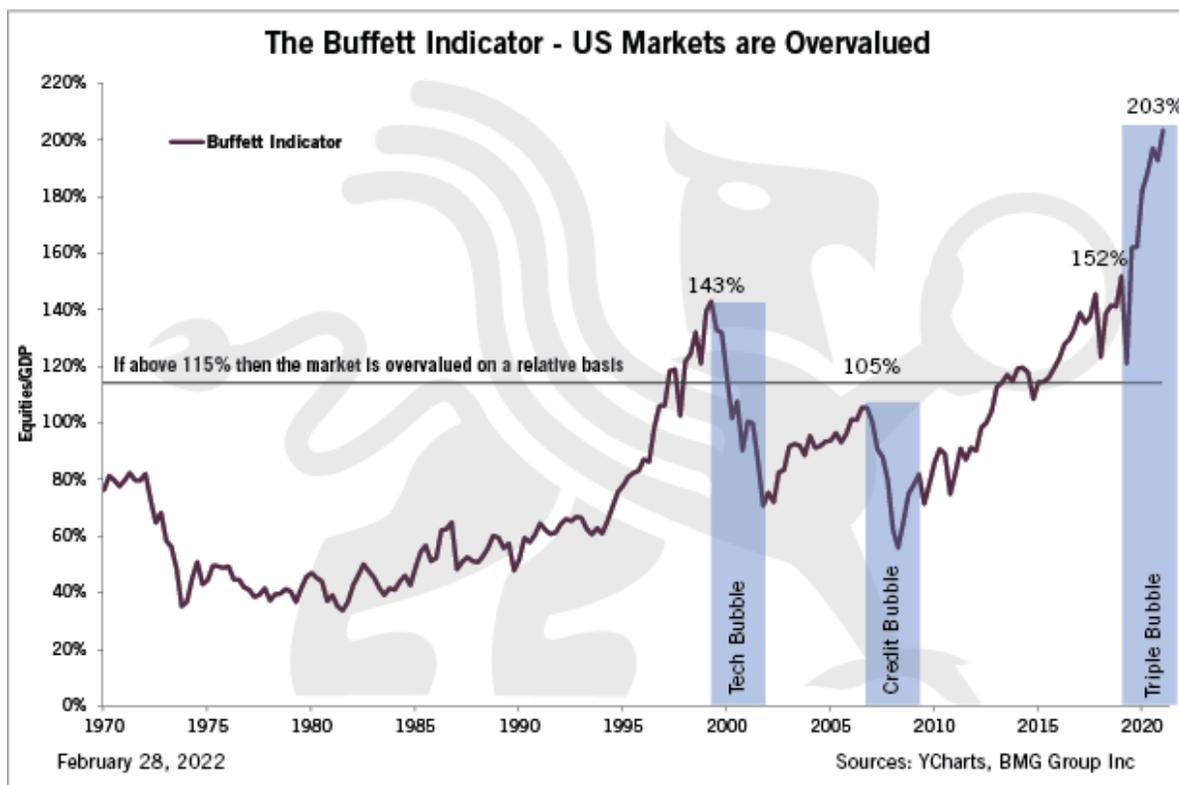
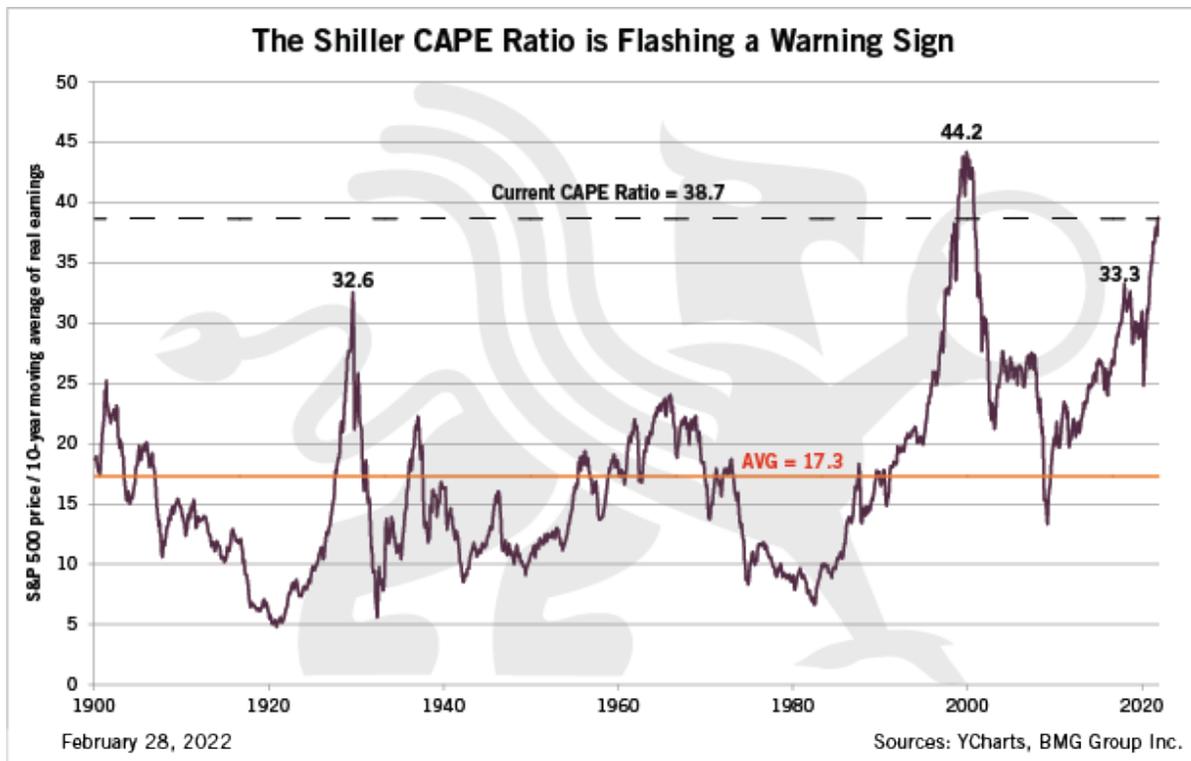
The 1929 crash took 27 years to break even, whereas the 2000 tech crash took 15 years. The high-flying Japanese NIKKEI still hasn't broken even from its crash in 1989.





By every conventional measure, equity markets are significantly overpriced and are poised for a major decline.



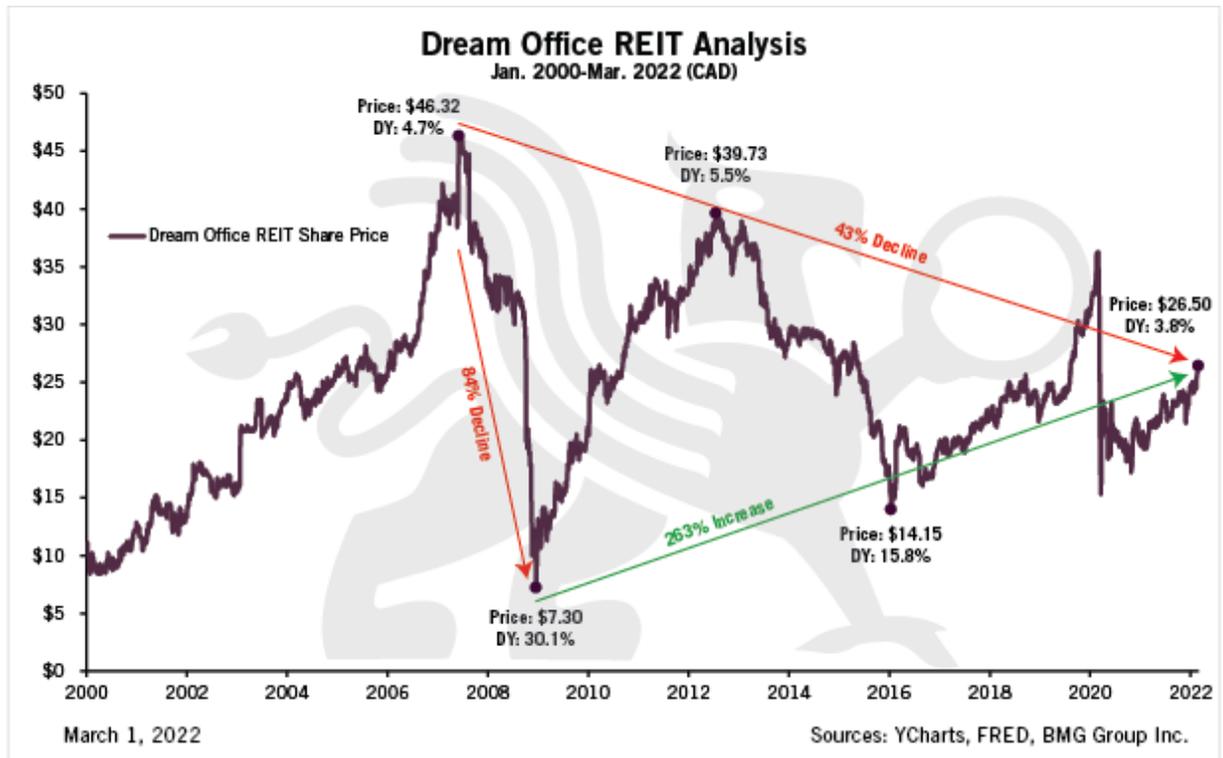


Apart from destroying the savings of most investors, following the ‘always stay invested’ mantra could result in missing the opportunity of a lifetime. By cashing out of all investments today,

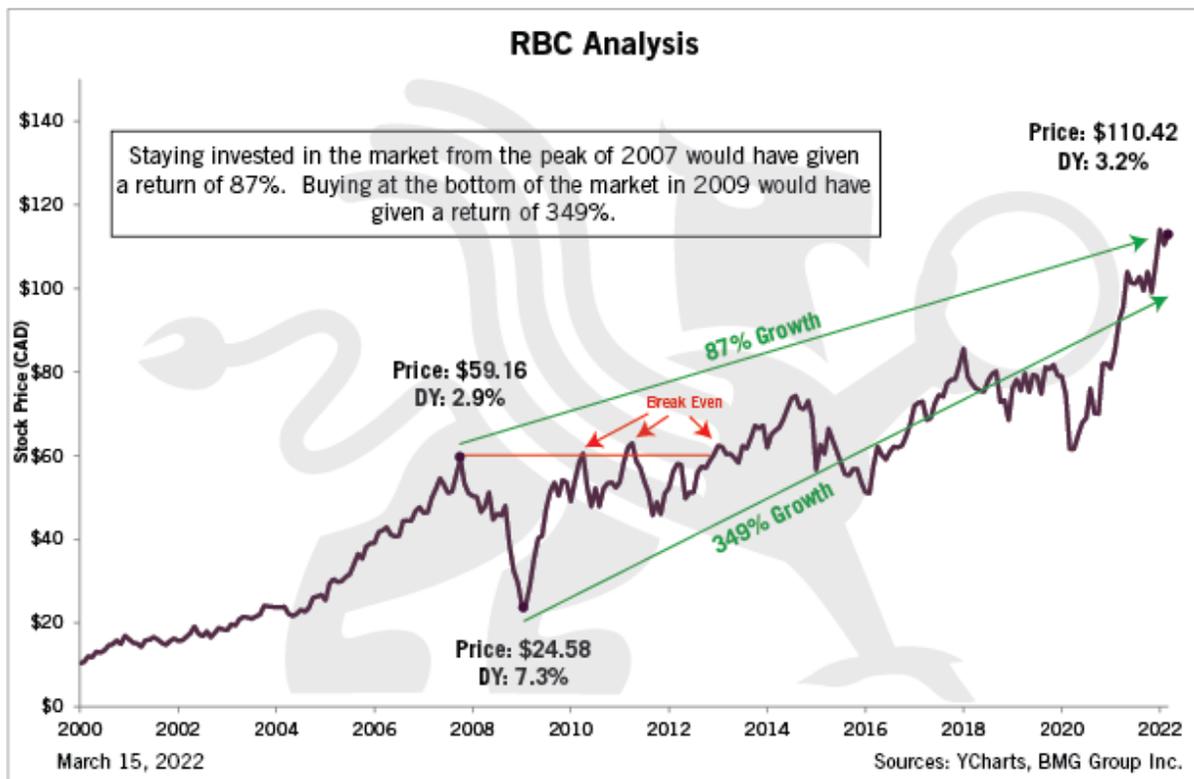


investors will preserve their savings and be poised to invest in highly discounted stocks, bonds and REITs at the completion of the correction.

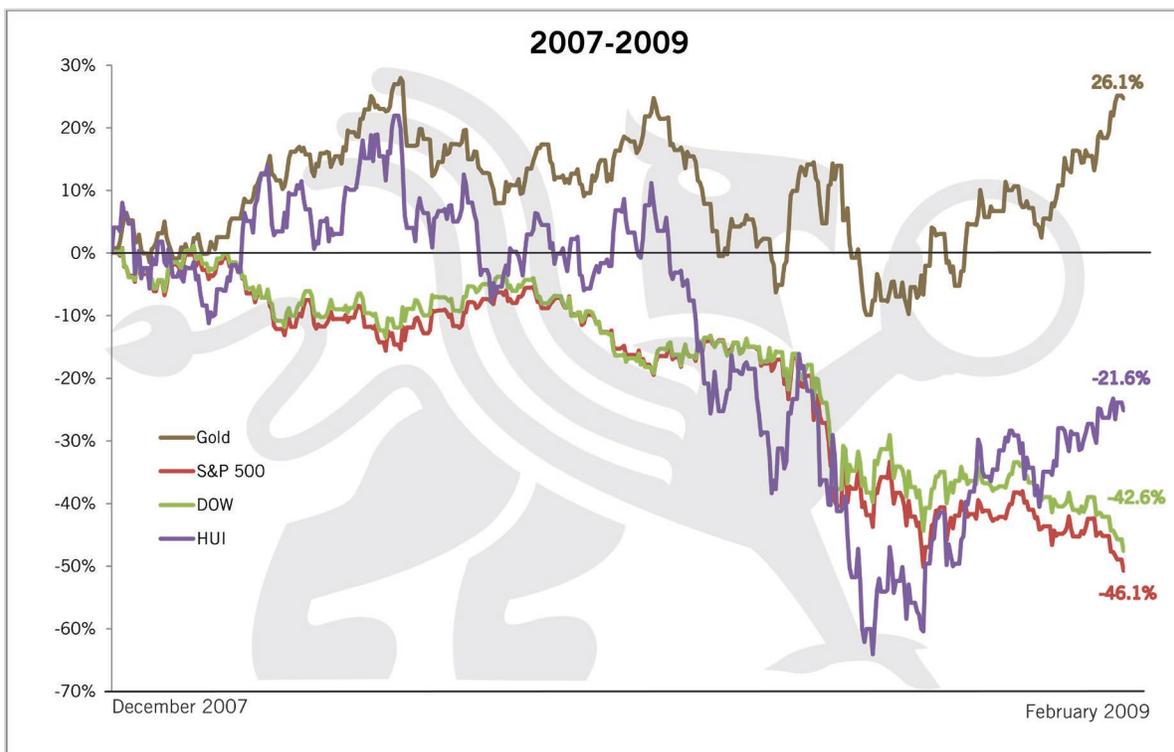
Looking back at 2008, we can see that even non-correlated investments like REITs suffered major declines.



For example, the Dundee Dream Office REIT declined by 84%, even though rental income was largely unchanged, resulting in dividend yields of 30 % for investors who purchased at the end of the correction. Had an investor held on to their investment in Canada’s largest office REIT, they would have suffered losses of 43% to date. Even considering the performance of RBC, Canada’s largest bank, which declined 59% in 2008, investors did not break even for 5 years.



During broad equity market declines such as that in 2008, it didn't matter what investments you were holding—they all declined. Even mining stocks declined by 21.6%, even though gold appreciated by 26%. The high-flying FANG stocks declined by 50%.



A totally contrarian strategy would be to cash out now and be liquid in order to benefit from opportunities that will present themselves after the correction. Staying invested in order to achieve minimal potential gains in the next few years does not justify risking losses of over 50%. Investors could hold cash during this period, but inflation will result in losses of purchasing power of +/-8% if the official rate is used, and 18% if the more realistic Shadowstats.com rate is used. However, if investors hold gold bullion, they will likely realize positive gains. The table below shows gains made during past corrections.

Biggest S&P 500 Declines	S&P 500	Gold
September 21, 1976 - March 6, 1978	-19.41%	53.79%
August 25, 1987 - December 4, 1987	-33.51%	6.17%
July 16, 1990 - October 11, 1990	-19.92%	6.81%
March 17, 2000 - October 9, 2002	-49.03%	12.39%
October 9, 2007 - March 9, 2009	-56.78%	25.51%
May 10, 2011 - October 3, 2011	-19.01%	9.38%
September 20, 2018 - December 24, 2018	-19.36%	4.12%
February 12, 2020 - March 31, 2020	-23.20%	2.89%

Source: Ycharts; LBMA; BMG Group Inc

As a result, not only will investors avoid losses, but they are likely to realize substantial gains by buying after the market crash. They will therefore have more money to invest in highly discounted stocks.

While investors can apply this strategy on their own, BMG has developed the BMG Diversified Hedge Fund that will implement this strategy for accredited investors. The hedge fund initially allocates 100% to the BMG Gold BullionFund; on completion of the correction, the hedge fund will allocate to a diversified portfolio of equities, fixed income and REITs. Only funds that have outperformed their indexes and peers for the past ten years are selected.

As a result, the back tested model based on a \$25,000 investment generated \$594,937 as well as dividends of \$57,958.

Portfolio	2008	2009	2010	2011	2012	2013	2014
REAL ESTATE	\$ -	\$ 23,607.56	\$ 34,771.08	\$ 45,317.52	\$ 62,284.35	\$ 66,289.94	\$ 100,872.22
BONDS/FIXED INCOME	\$ -	\$ 4,506.78	\$ 4,916.64	\$ 5,149.64	\$ 5,804.16	\$ 5,962.23	\$ 6,441.01
EQUITY	\$ -	\$ 16,089.69	\$ 19,280.39	\$ 19,218.88	\$ 22,674.39	\$ 28,820.34	\$ 35,940.51
PRECIOUS METALS	\$ 29,689.73	\$ 5,013.39	\$ 6,366.72	\$ 6,994.38	\$ 7,075.63	\$ 5,356.59	\$ 5,533.13
\$25,000 INVESTMENT	\$ 29,689.73	\$ 49,217.42	\$ 65,334.84	\$ 76,680.42	\$ 97,838.52	\$ 106,429.11	\$ 148,786.87
TOTAL ANNUAL DIVIDEND	\$ -	\$ 1,682	\$ 1,995	\$ 2,237	\$ 2,261	\$ 2,629	\$ 3,588
Annual Total Return	18.76%	65.77%	32.75%	17.37%	27.59%	8.78%	39.80%

Portfolio	2015	2016	2017	2018	2019	2020	2021	AR
REAL ESTATE	\$ 152,516.45	\$ 159,108.89	\$ 183,335.56	\$ 218,368.15	\$ 301,478.43	\$ 296,296.71	\$ 468,079.61	31.31%
BONDS/FIXED INCOME	\$ 6,599.48	\$ 7,122.60	\$ 7,403.80	\$ 7,456.26	\$ 7,787.83	\$ 8,108.54	\$ 8,181.13	6.87%
EQUITY	\$ 46,016.31	\$ 43,005.00	\$ 56,810.40	\$ 54,448.46	\$ 66,723.06	\$ 103,749.62	\$ 110,543.24	18.65%
PRECIOUS METALS	\$ 5,773.73	\$ 6,099.13	\$ 6,190.10	\$ 6,463.21	\$ 7,131.56	\$ 8,897.83	\$ 8,133.29	4.05%
\$25,000 INVESTMENT	\$ 210,905.98	\$ 215,335.62	\$ 253,739.86	\$ 286,736.06	\$ 383,120.88	\$ 417,052.70	\$ 594,937.27	
TOTAL ANNUAL DIVIDEND	\$ 4,742	\$ 6,200	\$ 4,919	\$ 7,450	\$ 5,574	\$ 5,970	\$ 8,710	\$ 57,958
Annual Return	41.75%	2.10%	17.83%	13.00%	33.61%	8.86%	42.65%	

Standard Deviation:	14.34%	Average Annual Return:	26.47%	Sharpe Ratio:	1.83
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While this graphic is based on actual historical performance data, actual market conditions may vary in the future and it may not be possible to achieve optimal results in executing the strategy of the BMG Diversified Hedge Fund. Past performance is no indication of future performance.



Nick Barisheff is the founder, president and CEO of BMG Group Inc., a company dedicated to providing investors with a secure, cost-effective, transparent way to purchase and hold physical bullion. BMG is an Affiliate Member of the London Bullion Market Association (LBMA) as well signatory to the Six Principles of Responsible Investments (United Nations endorsed Principles for Responsible Investment – PRI).

Widely recognized as international bullion expert, Nick has written numerous articles on bullion and current market trends that have been published on various news and business websites. Nick has appeared on BNN, CBC, CNBC and Sun Media, and has been interviewed for countless articles by leading business publications across North America, Europe and Asia. His first book, *\$10,000 Gold: Why Gold's Inevitable Rise Is the Investor's Safe Haven*, was published in the spring of 2013. Every investor who seeks the safety of sound money will benefit from Nick's insights into the portfolio-preserving power of gold. www.bmg-group.com

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