The Art of Passive Income Podcast
With Mark Podolsky, AKA The Land Geek

Today's Guest: Minesh Bhindi

Transcript

Mark: Hey, it's Mark Podolsky, The Land Geek with your favorite nichey real estate website www.TheLandGeek.com and I'm really, really stoked for today's guest because we're going to cover a topic that I think Scott and I have really talked about. But the way that he presents it is a little unique so I'm really, really excited. But before we talk to our guest, I would be remiss if I didn't properly introduce my co-host, you know him, you love him, Six Sigma, Scott Todd from ScottTodd.net, LandModo.com and most importantly if you are not automating your Craigslist's and your Facebook's postings, PostingDomination.com/TheLandGeek. Scott Todd, are you excited?

Scott: Mark, I am very excited.

Mark: Well, let's talk to Minesh Bhindi. So, if you don't know who Minesh Bhindi is, he is a wealth manager and actually, he's a wealth manager for gold and silver. He basically has this incredible sort of income stream of investing in gold and silver. If you go to the site GoldAndSilverForLife.com it's a really interesting sort of investments strategy. So Minesh, I'm going to let you explain it for us if you would.

Minesh: First, thank you so much for having me. Are you actually using a walking desk right now?

Mark: Minesh, sitting is the new smoking.

Minesh: You know, I'm standing right now. I'm just wondering like, I've never done an interview with anyone who is using a walking desk before. That looks really interesting.

Mark: Yeah, and am I throwing you off? I've had a few guests who are like...

Minesh: No, it's just it's very, very... it's fine. I was thinking of getting one so when I get back to London I'm thinking of buying one.

Mark: Yeah. I'm not walking very fast and it's great.

Minesh: Yeah. Gold and Silver for Life what we do is we help people generate and income, cash flow income, monthly with gold and silver. I think the number one problem with gold and silver investors has been the fact that this wealth transfer that everyone was promised has not happened yet. A friend, David Morgan has a really great book *The Gold and Silver Markets* are either going to bore you out or they're going to scare you out. One or the other is going to happen and the people that stay in will money at some point.

The question is we don't know, nobody knows when that some point is going to come and with the strengthening of the US economy and everything that we've seen and obviously some people think that the US economy is still weak and the numbers aren't showing that. The numbers are showing some good strengths. I'm not talking about stability because stability and strength are two different things to me. Based on that I don't know when the wealth transfer is going to happen, I don't know when it's going to suddenly go to 10,000 an ounce of gold over night, I don't know any of that. What I do know is that gold and silver have to be a part of a balanced portfolio and even if they grow at just 8% a year like they have done since the 70s and hedged you against inflation, you should have them in your portfolio.

The thing that interests me a lot is why most people in the world have most of their assets in real estate and the stock market, and the reason I think that is it's because the stock market is more volatile and real estate generates a cash flow. The truth is, you can use the same tools that you use to generate cash flow in the stock market and real estate in gold and silver, and most people don’t know about that because of the misinformation that's been out there.

So, that's what we do. We just help people generate a cash flow income on gold and silver. We've been doing it since 2010, we've got clients in 46 different countries. Yeah, that's what we do.

Mark: So, Minesh, let’s rewind the tape because a lot of people ask me like, “Well, how do you wake up one day and be like invest in raw land.” Like, how did you wake up one day and you're like, “Hey let’s get investors returns on gold and silver and have a cash flow?”

Minesh: Well, I actually didn't just wake up one day and do that as I'm sure you didn't just wake up one day and invest in land, right?

Mark: Correct.

Minesh: For me it was a 2008 market crash and I was actually teaching people how to trade. My background started when I was 16 years old working with my dad, negotiating new bills real estate deals and these were where we would get discounts on new bills and then sell them onto investors. From then, I started teaching trading and I started doing trading on this stock and the other and after 2008 a lot of our clients lost a lot of money.

One thing was, I was dissatisfied as everyone did; and one thing, I was personally dissatisfied by us, as educators, we are allowed to put all the disclaimers that we want in front of people to say, “Hey, this thing you should be careful about this” and then, once they sign that disclaimer it's pretty much done. Our responsibility ends there from a legal perspective as long as they are completely aware of all the risks in the investment. That didn't quite sit right with me because we are talking about leverage, we were talking about how to use leverage and that's the main thing that screwed people.

In 2008, if you weren't sitting on a leveraged portfolio by 2010 you were in profit higher than where you were in 2008. So it really messed with me that even though I was getting the disclaimer signed I was basically saying, “Don’t point this gun at your foot and pull the trigger. Are you okay with that?” and people would say, “Yes.” but then, I was giving them the gun anyway and I wasn’t someone happy in myself that I was doing that. So, I wanted to focus on safe investing.

Between 2008 and 2009, I started investing in bonds all by myself and then, my goal was to really see whether we can make safe investing as exciting as the risky stuff, and that’s why we focused on gold and silver because arguably they're the safest assets on the planet over time, even though I’m a firm believer in a balanced portfolio. My main goal was to see can we help people invest in assets wherever they are with a safe strategy that anyone anywhere in the world can do and since 2010, clients in 46 different countries are using the exact same strategy that’s still works and have never been changed since. I think we’ve proven fact that safe investing can be exciting. The only thing that matters is an individual’s ability to stick with it. I think that's the hardest part.

Mark: Scott Todd, what are your thoughts?

Scott: I mean, Mark doesn't that always come back down to the need to stick to something. Like, you've got to stick with it. I mean, I’ve known people that like they’re losing money on a portfolio and it doesn’t matter what it is stock or whatever and especially, something that moves up and down like stocks, bonds, whatever it is. Then they get scared and they sell off, and I'm like, stop. If you’re selling, you’re absolutely locking in your losses. Like unless you think it's going to go to zero don’t sell, and I think no matter what it is you’ve got to stick to it.

Minesh: Yeah, and my basic premise and philosophy on safe investing is that a balanced portfolio needs three things. It needs real estate, prime real estate, it needs the US stock market as a whole via an index fund or something like that and then, it needs the commodity of whatever cycle we're going through right now. Right now, it's the gold and silver cycle when you look at management history. So, some form of balance of those things will give you... I mean, since 1972, that portfolio was 10.04% compounded annual growth rate without you doing anything besides buying it and leaving it alone.

What we’re doing is taking that return and saying, “Hey, how do we boost it up by generating a safe cash flow of 1-2% a month?” Nothing risky, not risking the underlying principle and when we look at those returns it’s just phenomenal returns. The key point is do you have the patience to stick with it, and are you into investing for the long-term wealth, or are you into investing for the short-term entertainment.

Mark: That’s an interesting question. So, of all the assets, all the commodities why gold and silver?

Minesh: We're sitting on a repeating 38-year money cycle and I go into this a lot more in a webinar, but we're sitting on a 38-year money cycle that has happened ever since the start of so called money and recorded history. Basically, what happens is that a government or a ruler issues a form of currency that is not gold and silver, someone along the line relaxes the rules on how that currency should be generated, that currency is then over generated causing inflation and then the currency loses value and it goes back to gold and silver. That happens on average every 38 years and this is the longest cycle that we've had without a re-balance. So at some point there will be a re-balance to gold and silver.

I don't think that zombies are going to walk the earth like some of my peers in the gold and silver space. I don't think it's going to happen, and I don't think that you're going to have the Armageddon that most people are thinking. I think it's just going to be a simple federal reserve revaluation on the books and suddenly, the people that own gold and silver will be phenomenally wealthy and everybody else will lose a lot of money, and they won't even know it.

Mark: Yeah, it's very interesting. Scott, what are you smiling about?

Scott: Man, I'm thinking I need to buy some gold and silver.

Mark: Yeah. I mean, it's Damien Lupo, who talks about a qualified retirement plans a lot loves gold and silver. He actually likes taking the physical bars of gold and silver. What's your take on the physical asset versus investing through like the exchange?

Minesh: The way that we do it is you're still taking a physical asset you're just owning it via an exchange traded fund structure. The exchange traded fund has a volt with all the gold and silver in it, and that's how the funds work. If you're using futures contracts at that point you're betting on the price speculation. So, you're not actually taking possession of the gold and silver until the contracts comes to maturity.

As far as physical argument goes, I think buying physical is a great idea up to a certain point after which it becomes inefficient for an investor. So, if you've got more than 5 to 10% of your net worth in physical gold and silver, I think you're probably lacking in the returns that were possible for you. Just like our clients have generated 1% or 2% a month income that's a hit you've taken since 2008 till 2009. The main problem with the physical side of it is that people don't actually convey the cost of physical ownership as accurately. What they do is they talk about, "My God, if the world dies tomorrow then you're going to need to your physical gold to exchange it." I have news, if the zombies walk in the planet and there's Armageddon you don't need physical gold you're going to need a gun and some food. Now, one is going to care about your physical gold; they need food.

So, I just look at it and I think when you factor in the cost of physical ownership which are... I mean, we can run through them now. There's cost on entry so you have to pay a premium to the spot price. For anyone who is not familiar with the gold market the spot price is just the net market price of gold and silver. You have to pay a premium on the spot price, which we are allied to look at about 10%. I've seen it go all the way up to 70% when you look at jewelry and things like that and these multilevel marketing companies and situations like that but let’s just factor in 10%.

Then you've got your storage costs because you really don't want that gold and silver sitting in your house depending on where you live, you don’t want it sitting in your house. If you don’t get it stored then, you can take away the storage costs at $35 a month. $35 a month for 10 years is $4200 and I’m not that good in Math so, off the top of my head I just recorded a webinar on this. I just prepared a webinar on this so I know the numbers. Then if you take that 50K if you invested $50,000 in physical gold and silver over 10 years growing at 8% a year. So, I'm not taking into account any fantasies of wealth transfer that people are having, right?

Mark: Right.

Minesh: I am a believer in that wealth transfer, I just don't think it's going to happen tomorrow. If you take an 8% a year growth over 10 years that $50,000 will be worth 108,000. When you take away the premium on entry into that physical gold which was let's say $5000 and you take away the premium on assent because no gold dealers is going to give you the market price because they need to make a profit these are businesses. Let’s add that to 10% which would be $10,000 at that time and then you add in the storage costs.

Your actual $50,000 investment doesn't generate you $108,000 in cash. What it actually generates you is a $36,000 cash return on top of $50,000 that you put in. Which means, the cost of physical gold ownership without the wealth transfer is around 18% of your money or 18% of your future profit. I don’t know about you, but I would rather not waste 18% of my profits especially because while you're holding it over that 10 years with the physical you can’t generate a cash flow whereas with the way that we’ve been doing it you're generating your 1-2% a month. So, regardless of the gold going up and down you're making your income and at the end of if you've got your 12-26% a year that you've also generated on top of the cost.

Now, here's the reason why there’s a lot of negativity with exchange traded funds and a lot of miseducation because the cost of ownership through an exchange traded fund of gold and silver is 0.4% on top of the spot price. So it makes a lot of sense why the physical guys are respectfully crapping all over the exchange traded fund that was set up by the World Gold Council and audited three times a year and covered under every single legal jurisdiction, legal requirement that you may need one of the safest assets on the planet. These exchange traded fund one of them had a billion dollars of investment within the first three days.

One of my friends is the ex-Investment Director to the World Gold Council and I asked I said, "There is so much negativity about these ETFs. Why aren't you defending them? You've created and why aren't you defending them?" Because our market is the institutional market. The market that these guys are dealing with are retail investors, the money isn't enough for us to spend time allocating resources on fighting that misinformation. So I said, "Well, I’ll take on that battle and see what happens right but it makes sense.

I think everyone should have a business. I think these guys that are selling physical gold and silver should have a business. They've got costs and things like that. There should definitely be a premium on the gold they're selling. I just want people to know the truth about what it actually costs and then, somebody who’s an intelligent investor can make a decision themselves. But, it's easier to see why all these guys are crapping all over these ETFs when they have to charge premiums if 10-15% on gold and you can buy an ETFs for 0.4% a year.

Mark: Yeah, that totally makes sense. Which kind of leads me to that next question and I don't know if you've answered it, but what is the worst advice you see or hear given in your area of expertise?

Minesh: That you should buy a lot of physical gold and silver. I think that is single handedly the worst advice. [Phone Ringing] There is a phone ringing over there. Is it interrupting the audience?

Mark: Yeah. Minesh is in Medellin, Columbia right now.

Minesh: Columbia, yeah. We can just keep this really real and just run with the flow and I don't think you guys should edit this out by the way.

Scott: We don't edit anything, don't worry.

Minesh: Okay, cool. We'll leave it running.

Mark: I love it.

Minesh: I'm sure they will hang up soon enough. As long as you guys can hear me I can continue talking.

Scott: Yeah, keep going.

Minesh: All right, I think the worst advice... [Phone stops ringing] there we go, good timing. I think the worst advice that anyone could give an investor over the long term is to invest a lot of money in physical gold and silver. The reason for that is it's so inefficient, it's unreal. People should check out our webinar because I actually go through all the math's in that webinar and when you actually understand how much money you're leaving on the table by investing let's say 100% of your gold and silver allocation into physical you will be shocked. I mean, to hand over 20% of your profits just for the pleasure of being able to stroke that gold and silver at home when number one you can no longer travel anywhere in the world because you're worried about someone walking through the door and stealing your gold and silver.

The biggest thing about physical gold and silver that really scares me from an investors perspective is we live in an ever-expanding world. We live world where I'm in Columbia, Medellin right now, and I'm talking to you over this amazing technology for us to have a conversation via video that's unbelievable. Yet with physical gold and silver when you own $50,000 of physical gold and silver and let's say wealth transfer happens and it's worth $500,000 and you're in London for example. London is a bad example because it's a big market but we'll use it for now. If you're in London for example your sale price on that gold and silver is no longer the market price because the market is global. Your sale price is the local London sell price. So, if all the bullion dealers in London get together and go yeah, we're going to only offer 30% less than spot you're screwed.

Whereas, and I know for a fact you're not going to strap that gold and silver to your body and try to fly to Dubai to sell it at that time so, you're now limited. The problem with physical gold and silver is you're now limited to the local market within which you're playing in, and people don't talk about that. People don't ever talk about the risks of that and I cover in this. There's 20 real disadvantages that I think are huge on gold and silver and physical ownership, and so I cover them on the webinar. But that, I think is one of the biggest flaws that being tied into that local market and not having the flexibility to move.

Mark: I see. Scott Todd, what are your thoughts?

Scott: Man, I'm thinking we need to get together with the gold cartel here in America and like start to own it, Mark. Like, we own it.

Mark: So, how much should Scott and I invested in our eQRPs in gold and silver, if we're going to invest?

Minesh: If you we're going to use the physical gold I would say 5-10% of your portfolio or whatever you want to...

Mark: Now, let's not go for physical; let's go for ETFs. Because I want to keep that 18%.

Minesh: I would say 20% of your net worth.

Mark: 20% of net worth and then the other 80% allocation how would you divide that up between stocks, bonds and real estate?

Minesh: I would 40% on real estate at 40% on prime real estate and 40% on the US stock market as an index.

Mark: As an index. In S&P?

Minesh: Yeah.

Mark: Or diversify your indexes?

Minesh: No. I mean, I think the simplest thing for people to do is the Vanguard 500 index. You know what's hilarious about these guys? They've now actually come to the door.

Scott: They are looking for you.

Minesh: I have no idea.

Scott: Just give them a shout out, "Hey, it's not here."

Mark: Yeah. Just say, "Minesh, I don't have any physical gold and silver. It's all in the ETF."

Minesh: That's what it is. You see this is what happens they knock on your door when you're traveling, when you've got physical gold. That's why I travel with no physical gold on me at any time.

Scott: I'm nervous right now, Mark. This could be like a real version of Narcos. Like, he is in Columbia man and people are knocking at his door. What the heck?

Mark: I know. He said it's way safer than people think though.

Scott: Okay, Mark. Listen, we have to have a plan if something happens we have to like drop this call fast so they don't track it back to us, right? Like, now.

Minesh: Yeah. I think you guys are fine. It's actually really, really safe in Columbia and Medellin. I think they're just trying to figure out when I want them to clean this hotel room. I think that's what it is because it is [00:22:08] [indiscernible] in here.

Scott: I mean did I miss it, how am I cash flowing gold?

Minesh: So, we utilize options to do that. We use ETFs to buy them and then we use options.

Scott: Okay.

Minesh: It's in the way that we do option and I think a lot of people... [knock] You know what, I'm actually going to get that.

Scott: Yeah, go ahead.

Minesh: [00:22:32] [indiscernible] and send them away. So just give me one minute, okay?

Scott: No problem. Mark, I think that's a pretty cool strategy to use options especially on something that you're okay keeping for a long time you know gold or silver especially if it's going to go up 8% a year just on its own now you're cash flowing. Have you ever done options on stocks? Have you ever sold options?

Mark: I have learned about options and essentially there's been a few options strategies that are really interesting to me, but at the end of the day I just thought well at the point in time when I had money to invest in options I wasn't to going to get through earning a 1000% of that money.

Scott: Right.

Mark: It doesn't make sense for me, but I could understand a few you know for people that 12% was interesting.

Scott: You know what the cool thing about like options there was... I can't remember the guy's name. I think it was Wade Cook back in the day like he wrote a book and I think he went to jail too. He was like involved in insider trading or whatever, but he had this pretty cool like little strategy where he would say, "Hey, buy a stock." So like, pick your stock, let's pick Disney stock but he had this whole formula on how to do it and so then, you would sell a call option which gives somebody the right to buy your stock at a certain price. So basically, he would get a premium today of let's say $1 or $2 and maybe that was like 10% of the stock price.

So, he had this whole formula but he would try to get 10% or some number and like they could buy the stock from him at that price if the stock went up, but I think part of his strategy like, he did something and ended up in jail. But anyway, his whole deal was like he would sell the call option on the stock and it was almost like leasing the stock out. I mean, I'm not saying he went to jail because of that strategy; he went to jail because of insider trading or whatever. But it sounds a lot like a pretty cool idea to buy gold and maybe even ETF gold and then, kind of sell the option on that index. That's sounds pretty cool.

Minesh: Funny enough, we think that we're so advanced over in London and America. They have an app here where you can actually decide anything that you want to buy and a guy gets on a bike, goes and shops for you, picks it up, and drops it off for you to your door for a $1.50. So that's what it was. I was trying to think. I completely forgot that I placed the order. Anyway, as far as ETFs and options go people have a lot of fear about options and I think that they have that fear because of the way that options have been taught for so long they've been taught from a speculators perspective.

Mark: Right! Because you always read 80% of options expire worthless.

Minesh: Right, and we're actually on the reverse side of that. So, when we're using options like an investor which is... You know options are actually created by market makers to take advantage of speculators. So we're just sitting on the idea of we want to actually own the asset, we're not trading with a thousand dollars, we want to own the asset and we want to just generate that premium off the top of that and in fact our main goal is to stay in the asset and we're utilizing the options to just generate a short-term premium on average once a month, but it averages out to about 1% or 2% a month over the year.

Mark: Interesting.

Minesh: I didn't catch what you were saying about the previous options strategy but...

Scott: I was just basically saying like, there was a guy back in the 90s or early 2000s and his strategy was, he was teaching like buy a stock that you want to hold for long term and then basically, sell the call option which gives the investor who bought the option from you the right to buy it at that price before the expiration date which is typically like 30 days away or within 30 days. So, he would get that call premium and basically, he was using that to cash flow his stocks and essentially. I think he was trying to target like if you could buy a stock in the $20 range and then sell that option for two dollars, which I always had a hard time finding stocks like that. That seemed like too steep of a premium but that said, you know, essentially, like I guess maybe he was just making money from the information.

Mark: Yeah, I mean you're not just...

Minesh: Just to clarify on that that's a Covered Call strategy. It's a fantastic strategy where people get completely screwed up on that strategy is they try to do what you're saying which is $20 stocks and $2 premiums. When they're going for that 10% returns that's when the stock is so volatile that's when you can't get through, but Covered Calls have been around for decades and that's part of what we use. We just do it a lot safer than the way that it's been done traditionally.

Mark: Yeah. Minesh, I've got a question about a side hustle strategy.

Minesh: Okay.

Mark: My first job out of college was helping dentists buy and sell dental practices [00:28:05] [indiscernible], and I'd go to these you know dental conferences and there is always that one guy there that would buy scrap gold and silver fillings from the dentists and then, everywhere I'm driving around town we buy gold. You get these things to let you know we buy your gold or we'll buy your gold. Is that real, legitimate, good idea? I mean, can you make a lot of money buying scrap and then, selling it at the spot?

Minesh: I'm pretty sure that that is a huge business and people do that everywhere in the world. Every single country has an operation like that and the jewelry business is almost like the reverse of that we'll buy at spot, and sell it at such a premium it's unreal. So yes, those businesses exist and if you can buy a bunch of scrap gold and silver, just store it. You know that's the time where if you buy that scrap for 30-40% less than spot prices because somebody doesn't know the value of it that's the time you can stock up on your physical. But when you're actually buying it at the market price you want to use a smarter strategy based on my opinion.

So, I always say to people it depends on what you want. If you want the physical gold and silver because you think Armageddon is going to happen and you don't believe that you're going to need food and a gun more in that scenario then buy as much physical gold as you want. If your goal is just to make money and profit from the cycles then there is a smarter way of doing it.

Mark: All right, fantastic. Minesh, this has really been a phenomenal podcast and your mentorship has been so valuable, but I'm going to ask you for one more tip. The tip of the week: a website, a resource, a book, something actionable where the Art of Passive Income listeners can go right now, improve their businesses, improve their lives. What have you got?

Minesh: I think knowledge is fantastic, but I think that we should operate... which is what I love about podcasts because podcasts allow you to have just-in-time knowledge. You can search a podcast, have a look at what you are interested in and get the information you need at the time you need it, rather than reading books on books on books with things that are completely irrelevant to you right now.

So, instead of a knowledge resource because I think you guys have got that covered what I want to do is implore people to go and look and just come up with your net worth and then, figure out how much you've got in which bucket. In real estate, how much have you got? In gold and silver, how much have you got? How much have you got in cash, how much have you got in the stock market and that will give you a great idea of how you're balanced.

Based on my research a 40% in the US stock market via an index like a Vanguard index, 40% in prime real estate and 20% in gold and silver has generated really great returns since 1972, and just see where you are. Because I just don't think most people know where they are, and if you're in cash you're in the fastest and confirmed devaluing asset in the world in history every single time. That doesn't mean you don't need cash. So, you need some cash around but after a while again just like everything you need a little bit of everything, but too much can become inefficient.

Mark: I love it, I love it. Scott Todd, what's your tip of the week?

Scott: Mark, check out the Treck.co that is T-R-E-C-K.co.

Mark: T-R-E-C-K.co.

Scott: Yeah. So basically, what this service does is it helps you to collect email addresses within your content. So basically, what it will do is it will help you to create buttons that you can put on your website etc. Almost like a... it reminds me a lot like LeadPages with their buttons if you will but essentially this is $5 a month and you can create call to action buttons, you can customize the button etc. put on your website and it will lead to other kind of it will generate like code that you just put on your website. You just paste it in there and then what it will do is it will give these call to action buttons that people can click on and then you capture their email addresses, etc. and it's pretty cool.

Mark: That's pretty cool.

Scott: Yeah.

Mark: Nice. I think Peter Shankman gave something similar. I forgot that site.

Scott: Yeah, he gave the one that you add to your content that you share.

Mark: The content, right. Yeah.

Scott: I forgot what that one was called. That's pretty cool, too. But you share a link, and the next thing you know it looks like you're on the CNN website.

Mark: Right. Well this is just cool. All right, well I think my tip of the week is the best one is learn more about Minesh at GoldAndSilverForLife.com and he's got a webinar. You just go right to the webinar link and learn more so GoldAndSilverForLife.com. Minesh, are we good?

Minesh: I think we're good. Thank you so much for having me on here. You know, one thing I love about podcasters, what you guys are doing is that you're open to bringing all different types of information to people. I think one of the biggest disadvantages in the world that we live in is sometimes access to information is limited. So that's one of the things I'm most excited about the future, access to information on all levels is becoming completely democratized and everyone can access it, and you guys are becoming part of that. So, thank you so much for giving me space on your platform, and well done.

Mark: Thank you. I just want to remind the listeners todays podcast is sponsored by GeekPay.io. The only set it and forget it system of automating getting paid via lenders and borrowers GeekPay.io. Go to TheLandGeek.com/GeekPay and get your first note for free.

Also the only way, the only way we're going get the quality of guests is like a Minesh Bhindi from GoldAndSilverForLife.com. If you do us three little favors: you've got to subscribe, you've got to rate, and you've got to review the podcast. Send us a screenshot of that review to Support@TheLandGeek.com we're going to send you for free our $97 Passive Income Launch Kit course. So, please do that, all right? Scott, are we good?

Scott: We're good, Mark. Let's go. Ready one, two, three.

Mark & Scott: Let freedom ring.

[End of Transcript]