Incrementum All Seasons Fund

– in pursuit of real returns –

2021 / 02

March / 1Q 2021

Seasonal Reflections

Eruptions In The Casino

quote(s) for reflection: (sections in this report written and underlined in blue represent active weblinks)

"Interest rates, the most consequential prices in capitalism, which ought to be discovered in the market, are increasingly administered by the Fed. Today's rates, the lowest in 4,000 years, harm savers, advantage speculators, misdirect capital and perpetuate the unnatural lives of failing businesses that, by rights, ought to leave the marketplace to more capable competitors. We observe that radical monetary policy begets more radical policy and low rates, still lower rates. Repeated monetary interventions have fostered financial fragility, slow growth and heavy indebtedness." (Source: Excerpt from **A Grant's Manifesto**, Almost Daily Grants, 22MAR2021)

"When things don't make sense, and trading gets this erratic and capricious, that is reason for concern." (Source: John Authers, Bloomberg Opinion, 25FEB2021)

"In another sense though Grant, I think a lot changed. Maybe not in the way people think. This whole notion of, "Oh, this is democratizing Wall Street," pure hokum. It's just another story to mobilize the marks.
But in another sense, what we all saw taking place in public was the fact that the rules change in the middle of the game. What we all saw in public was, stock prices don't go up or down depending on what the company does. We're not making bets on a company, we're just making bets, and the bets themselves are what Wall Street is." (Source: The Narrative Game Ep.5 – Casino! Grant Williams Podcast, 28FEB2021)

"In recent years, it's the Fed's vast hospitable balance sheet that has made fiscal ruination affordable." (Source: Grant's Interest Rate Observer, Vol. 39, No. 5, 19MAR2021, Fixed-income powder keg)

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worthwhile reads: Why an Animated Flying Cat With a Pop-Tart Body Sold for Almost $600,000, The New York Times, 25FEB2021

Money and statistical delusions, Alasdair Macleod, Goldmoney, 4MAR2021

podcasts & videos: The Narrative Game, Ep. 5, Grant Williams & Ben Hunt on recent reddit/WallStreetBets assault on Wall Street (via GameStop), 28FEB2021 (Grant has kindly permitted me to share the full link to this podcast upon request)

The $69 Million JPEG, 12MAR2021, NPR Planet Money

Prof S. Galloway on HBO commenting on distorted capitalism, Twitter, 13MAR2021

Yield curve control, the biggest mistake of the ECB so far! Incrementum Interview with Russell Napier, YouTube, 16MAR2021

Elon Musk crowns himself 'techno-king' of Tesla. Serious?, Auto Expert John Cadogan, You Tube, 16MAR2021

chart(s) of the month / quarter:

Source: FT Trade Secrets, Charted Waters, 2MAR2021

Source: Global price gauge hits new high, IHS Markit, 8APR2021

ENJOY!

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Dear Reader,

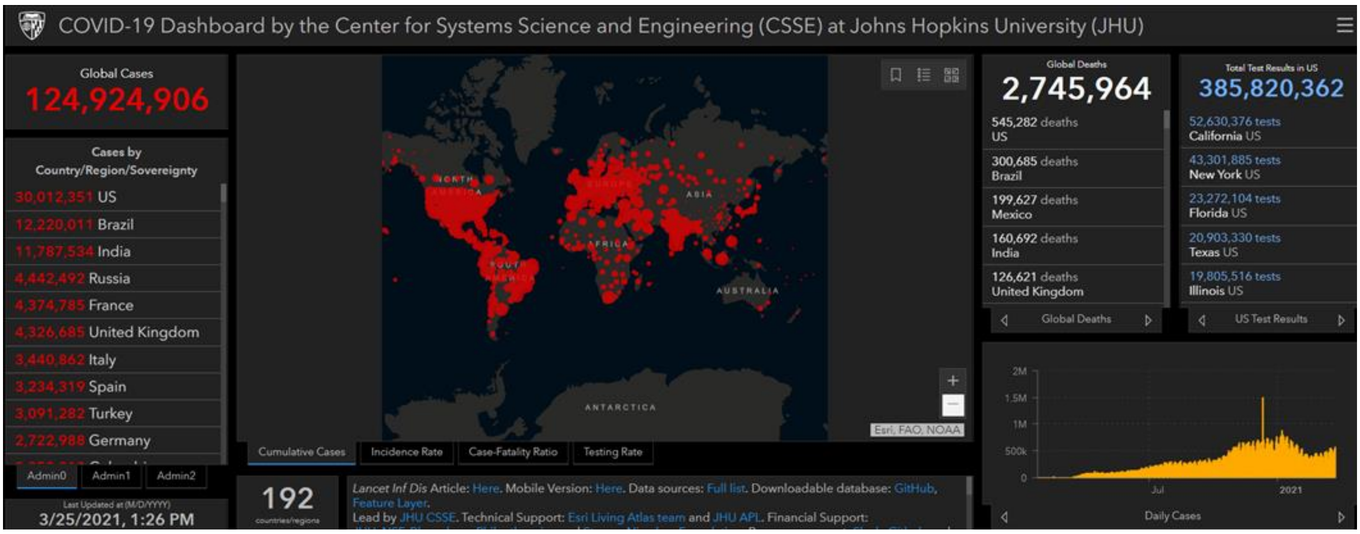
Wherever you are, I trust my message finds you well, in good spirits and coping smoothly with these challenging times, both for humanity at large and investors in specific.

I usually open my reports with seasonal pics, but spring has not really shown up in Liechtenstein in a picture-worthy fashion (at least not until the time I began writing this report). Thus, I picked instead a snapshot from the live feed of the recent Fagradalsfjall volcano eruption in Iceland. I don't know about you, but I found it captivatingly beautiful, and it provides an appropriate starting point for these 1Q 2021 Seasonal Reflections.

Snapshot from Fagradalsfjall volcano eruption, 22MAR2021, 7:45am

This picture serves as an appropriate reminder that our perceptibly so solid planet Earth hides a rather "energetic" and highly unstable liquid outer core. That not only seems like the answer to the world's clean energy needs (for those interested in the subject, I highly recommend a recent *Smarter Markets* two-part podcast series with mining legend Robert Friedland, hosted by Erik Townsend, which you can find here and here), if we could only tap into it, but also provides a fitting analogy to the present state of the global economy and markets.

But before I dive into the latter subject, and given that we have just passed the first anniversary of the Covid-19 outbreak here in Europe, allow me to begin with a few thoughts on the pandemic:



Source: John Hopkins University, Covid-19 Dashboard, as of 25MAR2021

The screenshot at the bottom of the previous page evidences the scale of the pandemic (125m registered infections), as well as its damage (2.75m lives accounted lost as a result). One can argue about how this is measured, but with global mortality rates of influenza in the 250k to 650k range p.a., this is obviously a far more serious disease. What one may question is whether the political response was reasonable, especially in Western democracies. Looking back at a full year of on and off lock-down measures, which often had only limited effects on actual reported case incidence numbers, and especially the gargantuan resources that were spent on Covid-relieve measures, I wonder how the eventual systematic and comprehensive cost-benefit analysis will judge the response.

I have shared my views on the topic previously, last in the 2020 / 09 report from this January. And after more than a year into the pandemic and with accelerating vaccinations providing a light at the end of the tunnel, how we have dealt with this acute crisis is increasingly scrutinized. Some argue the world has grown during the pandemic, showing more solidarity, and that society has won by proving how even great threats against humanity can be fought effectively with a concerted effort. Personally, and perhaps because I harbour the more cynical views of my mid-50s, I doubt that. Solidarity is always a voluntary act, rather than mandated. Instead, I think we have lost a great deal of freedom and even more the sense for our own individual responsibility.

Meanwhile, the swift development of effective vaccines has indeed demonstrated our potential for technical and scientific progress, though it almost seems like a remnant of a time when markets were still "free" and entrepreneurship governed progress. In this case it was achieved under prevailing mushrooming regulations and stifling bureaucracy, even if they were at least partly suspended amid the urgent need to deliver vaccines swiftly. But the ensuing problems in the distribution and administration process, especially here in Europe, in my view reflect the true picture of the state of affairs.

Political leadership during the pandemic has become increasingly erratic, alienating, or scaring people with often harsh and abrupt measures, while trying to micro-manage day-to-day life and creating confusion by constantly changing rules. Angela Merkel's U-turn over a prescribed 5-day hard lockdown over Easter, just two days after it was announced, is just one recent case in point, highlighting the cumbersome political decision-making. Shopping for example is still allowed in Germany, preferably on a click and meet (i.e. appointment) basis, but only 1 person per 40sqm, if the local incidence rate has been below 100 on a 7-day average basis… – this is how bureaucracy becomes an end in itself.

Neighbouring Switzerland according to the NZZ has just approved the third vaccine but has failed to order any of it. Meanwhile, what has been ordered has not yet been approved. Over in Brussels EU leaders on March 26 were reportedly fighting about how to allocate an additional 10m BioNTech/Pfizer vaccines: *"Tensions between leaders burst into the open after a week of stalled negotiations between EU health officials over which countries should be first in line to get more than their normal share of the 10m doses that have been bought forward from the third quarter."* (FT, 25MAR2021) – You really can't make this stuff up!

Whether in Berlin, Bern or Brussels, when it comes to the efficiency of our bureaucracy, it has become quite evident that it can deal with normality but is hopelessly overtaxed by any deviations from the norm, let alone a true crisis.

No wonder, people are increasingly frustrated amid the glacial vaccine rollout and the aloof paternalism at a time when a not insignificant part of the population struggles to maintain their livelihood, while the rest is either stressed, or lonely and bored.

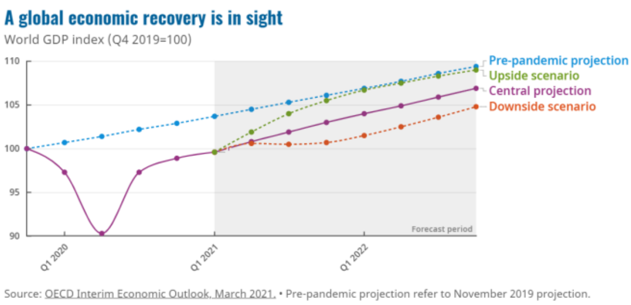
And while many feel like having received an initiation to life under a dictatorship, we are actually and inevitably turning more socialist.

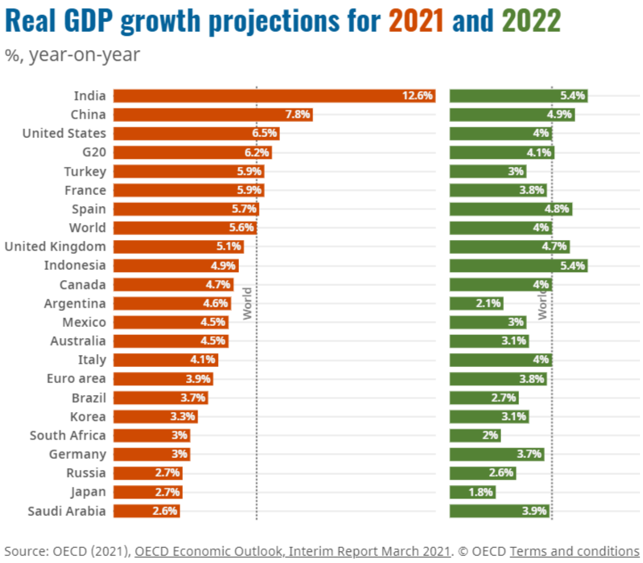
Source: [Seattle Times](), 13MAR2020

PS: Such Orwellian changes are also expressed in news like "[Theme parks in California are planning to reopen as early as next month, but thrill seekers may be forced to control their excitement while riding roller coasters.]()" – Watch the short news clip, and I rest my case.

This is an investment letter – So let's talk Macro

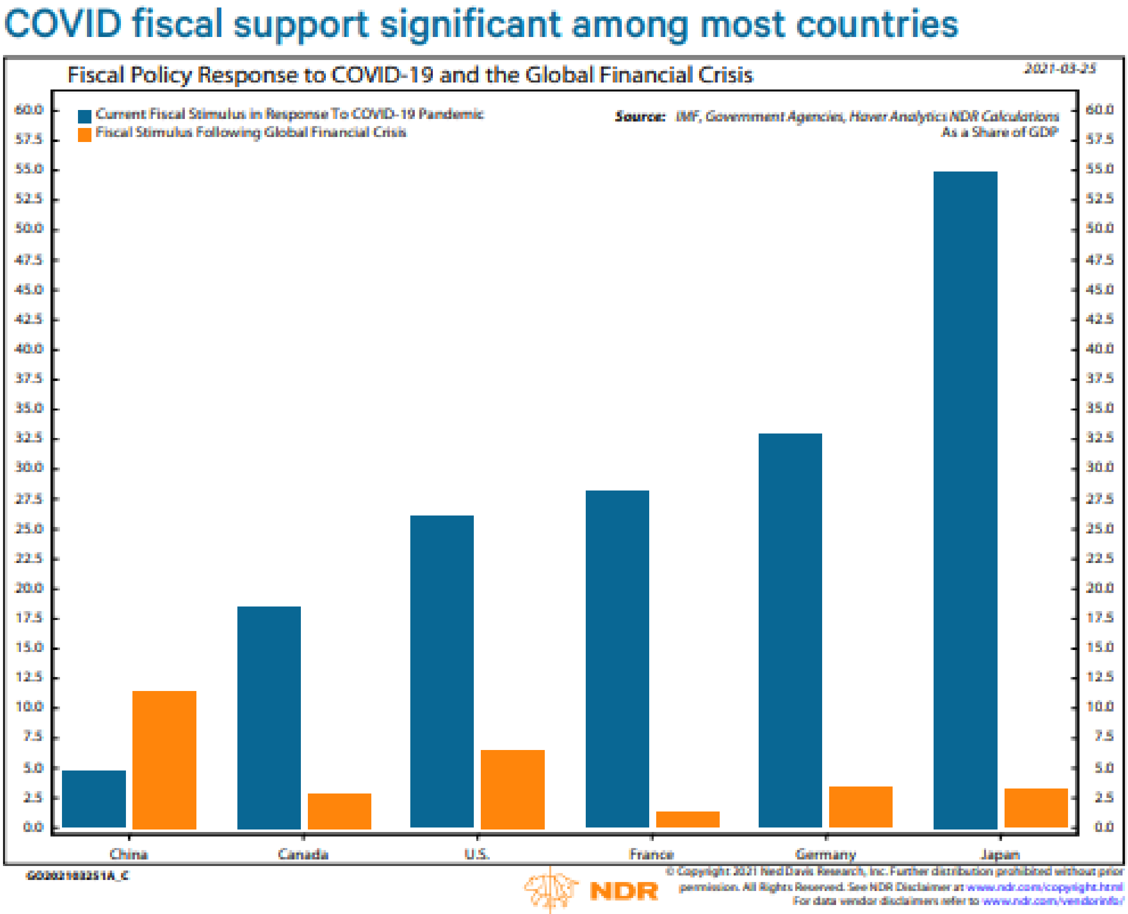
With the accelerating rollout of Covid-19 vaccinations, **real GDP** projections for 2021 have been lifted during the first quarter. The OECD has published its World GDP Index including an upside scenario that catches up with pre-pandemic (Nov2019) projections by next year.





Source: OECD Economic Outlook, [Interim Report March 2021]()

As all fiscal constraints have been thrown overboard, real GDP growth projections for the group of G20 countries of 6.2% for 2021 and 4.1% for 2022 are looking very encouraging, indeed. The contribution of fiscal policy to these projections can be gathered from the chart below:



Source: Daniel Lacalle, @dlacalle, Twitter, 26MAR2021

It compares fiscal stimulus post the 2008 Great Financial Crisis (GFC) with the fiscal response to the Covid-19 pandemic, in both cases in percent of total GDP. The chart highlights that apart from China, where the Covid-19 response has amounted to less than half its GFC fiscal response, the major advanced economies have been deploying multiples of fiscal ammunition this time around, injecting in the case of Japan as much as 55% of GDP in fiscal stimulus.

US fiscal policy response amounts to well over a quarter of GDP, which is an incredible amount that has never before in peace times been spent. And yet it is still a moving target, as the Biden administration shows little inclination to slow prevailing expenditure momentum. In other words, the US and major advanced economies of this world are throwing the kitchen sink at their economies in a desperate attempt to revive growth – no matter the cost. And hardly surprisingly this receives the OECD's blessing:

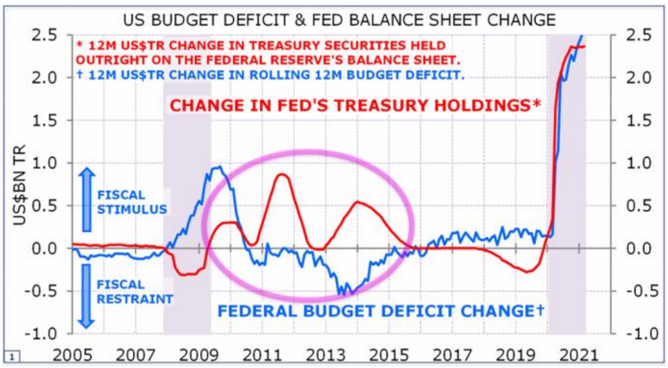
*"Fiscal policy support should be contingent on the state of the economy and the pace of vaccinations, with new policy measures implemented promptly and fully if required. A **premature tightening of fiscal policy must be avoided.***

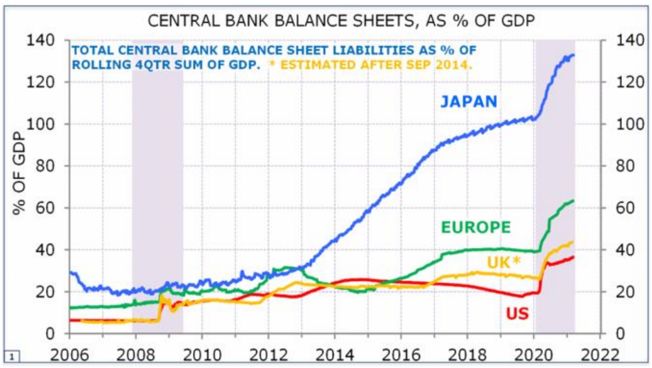
*The current very accommodative monetary policy stance should be maintained, and **allow temporary overshooting of headline inflation** provided underlying price pressures remain well contained, with **macroprudential policies deployed where necessary to ensure financial stability.**"* (Source: OECD Economic Outlook, [Interim Report March 2021], **emphasis** mine)

The above policy recommendations put the major changes compared to the post 2008 GFC environment into stark relief, when lose monetary policy encountered relative fiscal austerity, which sowed the seeds of the subsequent asset price bubble and resulting wealth inequality. This time around, fiscal policy is in bed with monetary policy, in the process once and for all burying price discovery in financial markets.

Source: [Hedgeye], 26MAR2021

The chart below on the left shows how the expanded US deficit has been completely absorbed via the Fed's balance sheet expansion. Even if this does not mean that the Fed is directly monetizing the deficit, it still represents effectively helicopter money, as it ensures deficit funding cost remain under control and oversupply of treasury bonds does not become a problem.





Source (both): COVID Changes Everything: The Outlook for Rates & Equity Market Leadership, Gerard Minack of [Minack Advisors], 23MAR2021

The same tale is playing out in other major economies around the world, as evidenced by the explosion in central bank balance sheets shown in the graph above on the right. And as fiscal spending creates demand in the real economy, a rekindling of inflation is in our view a foregone conclusion.

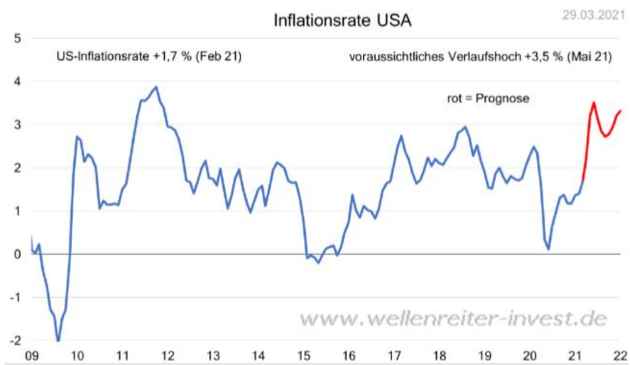
And supranational bodies like the OECD are confirming the same, as they also admit:

“Cost pressures have begun to emerge in commodity markets due to the resurgence of demand and temporary supply disruptions, but underlying inflation remains mild, held back by spare capacity around the world.” (Source: OECD Economic Outlook, Interim Report March 2021)

Essentially, the message is: Don’t worry, inflationary pressures may rise temporarily, but will prove transitory. – Why? Because of all the excess capacity around the world, silly! – You know, the excess capacity we are currently doing our best to fully utilize, as in the words of the ever so eloquent Jim Grant we have finally made *fiscal ruination affordable*.

Well, for now the consensus clearly remains in the transitory inflationary boost camp rather than a more durable regime change. And why not? – So far, central bankers seem to have kept inflation (at least the reported version) under control, and they remain supremely convinced that this is not changing. Case in point, New York Fed president John Williams in late March *“doesn’t’ see any inflationary pressures building”* over the next few years, and his colleague Charles Evans of the Chicago Fed declares *“I think by 2022 we’re still going to be struggling to get inflation to 2%”*. – So, nothing to worry.

But consensus does expect a near-term headline inflation spike, as the graph on the right suggests. This spike is mainly driven by base effects, especially the dramatic increase in oil prices on a year-over-year basis or even the past few months, but also other commodity prices. However, most observers expect the combined forces of debt and demographics to overcome any short-term inflationary pressure.



Source: www.wellenreiter-invest.de, 30MAR2021

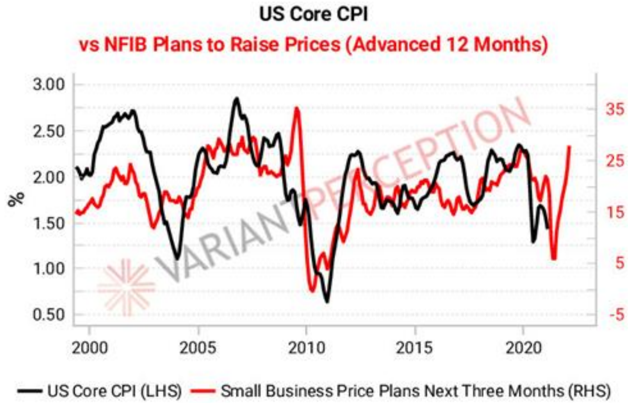
Figure 10: February's PPI inflation move shows inflation is already underway

Source: Liberum, FactSet, (US PPI to February)

Source: The Inflation Debate by J Authers, Bloomberg, 29MAR2021

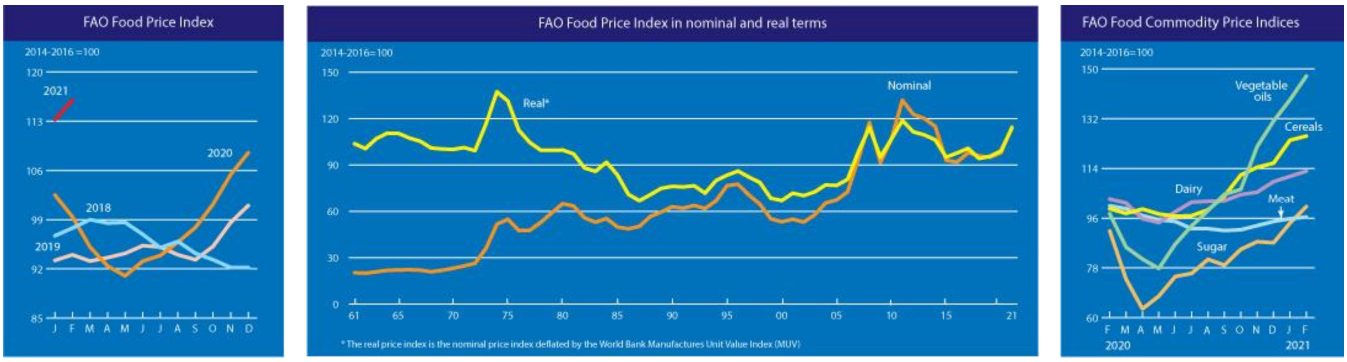
One often cited indicator for the cost-push nature of current inflationary pressures is the chart on the left, which plots “prices paid” in the US manufacturing sector (essentially input cost) versus producer price inflation. The former is typically a leading indicator and suggests significant pipeline pricing pressure last experienced to such a degree in 2011 and 2008, which we believe may well prove more durable this time.

In a slightly different variant, the graph on the right plots US core CPI via "plans to raise prices" (over the next three months) as polled and measured by the NFIB (National Federation of Independent Business), which again has been a reliable leading indicator for actual consumer price inflation trends. Of course, all this does not yet ensure a structural return of inflation, but clearly indicates (amid the 1 year time lag applied) that the current inflationary boost may last longer than merely a few months.



Source: Variant Perception Research, @VrntPerception, [Twitter](), 10MAR2021

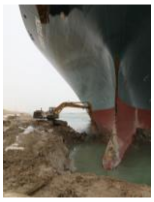
But inflation is not only driven by energy and commodity input price inflation. The United Nations FAO Food Price Index below shows an unrelenting increase in global food prices since hitting a low of 91 in May last year, with the index having reached a high of 116 last seen in 2014. The graph on the right displays the broad-based nature of the advance, while the one in the middle suggests that on an inflation-adjusted basis global food prices are at a multi-decade high, and if current momentum persists may well challenge all-time highs registered in the mid-70s.



Source: Food and Agriculture Organization of the United Nations, FAO Food Price Index

Why does this matter?

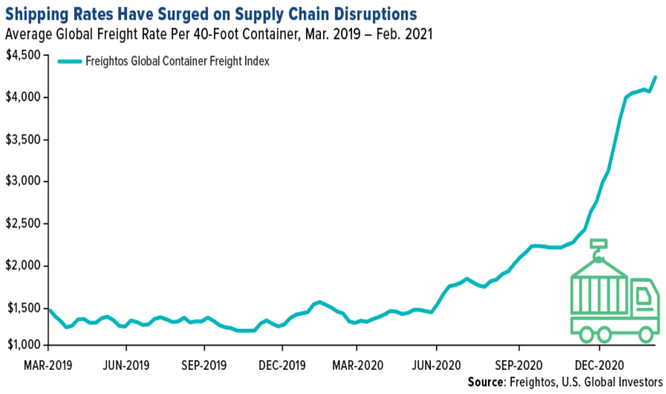
Because unlike in advanced economies, food prices are extremely important in developing economies, where they occupy a far bigger weight in household budgets, and given the non-discretionary nature of food consumption are likely to cause far more pressure on wages / salaries. These in turn are an important cost factor for the industrial sector in these countries, which in an attempt to preserve their margins will have every incentive to pass the resulting cost pressures on in their export prices to advanced economies.



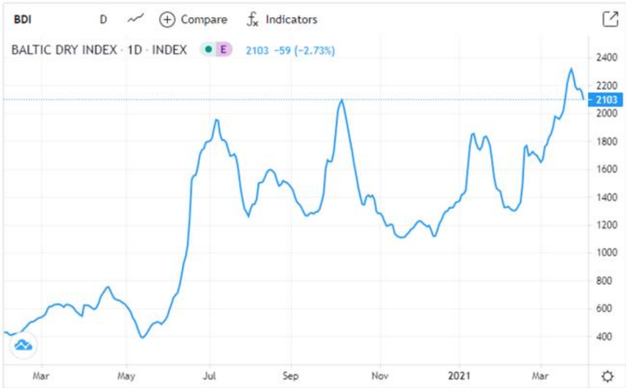
And were we not all just served a reminder of the importance of global trade? – I expect most readers have only just realized the size and number of modern ocean-going vessels facilitating trade, when the Ever Given was stuck in the Suez Canal.

Source: foreignpolicy.com, 29MAR2021

In any case, even without the temporary blockage of one of the most important naval passages, shipping cost have been soaring over the past year. This is especially true for container vessels like the Ever Given, but more recently also for dry bulk vessels, which are employed in the transport of bulk goods like iron ore, coal, grains, etc.



Source: Inflation Is Coming for Your Wealth, U.S. GI, 25FEB2021



Baltic Dry Index, Source: tradingeconomics.com

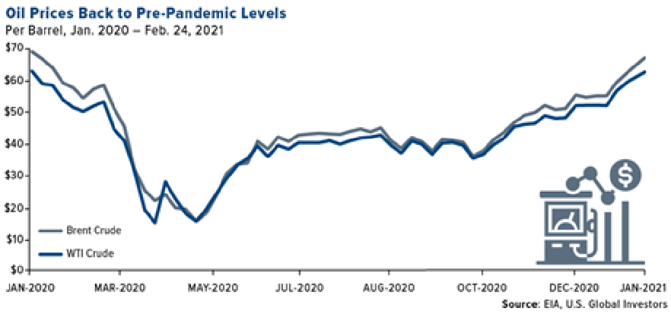
Last year already witnessed record high tanker rates during the oil price swoon in 1H 2020. And although right now tanker rates barely allow companies to break-even, the outlook for an ongoing recovery in global oil demand and related transport capacity is baked in the cake. As you will find further below in the discussion on **IASF's** performance during 1Q2021, a strong performance in the fund's shipping sector has been one of the main performance drivers this year.

Source: Financial Times, 31MAR2021

Another potential cost-push factor is the strength or weakness of developing countries foreign exchange rates versus the USD (as well as other advanced economies currencies like EUR, CHF, GBP, JPY, etc.). After all, advanced economies tend to import significant quantities of raw materials and finished products. And although the FT reported on March 31: "China's currency set for worst month since US trade war", this in my view for now represents a somewhat misleading argument.

After all, an 1.4% decline in the CNY onshore rate versus the USD is not unexpected, given that China manages its currency in relation to a basket of trading partner currencies. And considering that the EUR lost nearly 3% versus the USD in March, China's currency may have weakened against the USD, but has shown further strength versus the EUR. Together with the fact that also the Korean Won and the Taiwan Dollar have gained 7.2% and 6% respectively year-over-year versus the USD, it suggests that import price pressures are still rising for advanced economies and particularly the USA.

Other major cost push factors are rising commodity prices. The rally in oil prices should be evident for anyone still driving a car with internal combustion engine, and given the importance of energy as input factor in the industrial sector oil prices are one of the most important cost drivers. And copper have even reached a 10-year high amid the ongoing electrification drive. But the advance in commodity prices is overall rather broad-based and includes commodities the wider population is still fairly unaware of, namely semiconductor prices and related raw materials. For a primer, watch this short interview by Supply Chain Brain with Prof. Suresh Acharya, University of Maryland, on the subject.



Source: Inflation Is Coming for Your Wealth via U.S. Global Investors, 25FEB2021

Other examples include Aluminium prices which are 60% higher than last April's lows, while iron ore prices have doubled and are also flirting with levels last seen during the 2011 price peak. And the Bloomberg Commodity Index, which tracks 23 raw materials, is clearly showing a steep upward trajectory, which suggests that commodity-driven pricing pressure is likely to continue for a while.

Bloomberg Commodity Index, Source: Bloomberg

Many people argue that these kinds of inflationary pressures are only short lived and unlikely to persist, but we are not convinced at all. Commodity prices tend to move in longer-term cycles, and the digestion of the last peak in commodity prices (07/08, followed by an echo boom in 2011) has led to significant underinvestment in the sector. The cure for low (high) prices is lower (higher) prices, and once the cycle turns it typically lasts for many years.

One of the key questions concerning the longer-term inflation outlook will be whether the present setup will stoke wage inflation.

In the US, the discussion about a hike in federal minimum wage levels to USD 15 an hour by 2025 is still ongoing. A study by economists at the Federal Reserve Bank of Boston from 2017 found that any 10% increase in metropolitan area minimum wages is associated with a 0.08% advance in the overall inflation rate. Presently the federal minimum wage is USD 7.25, and even if many states have higher minimum wages, the contemplated increase is likely to impact overall inflation rates meaningfully.

Source: [Hedgeye](), Chart of the Day, 16FEB2021

Source: Francesco Fila, Fasanara Capital, 5APR2021

But wage-driven inflationary pressures may also simply become demand induced. With low wage earners in the US having received repeated government handouts and support over the past year, many may be less eager to return to their old low-paying jobs, which is cited as main reason for the record high number of unfilled positions in US small businesses currently measured.

Last but not least, such inflationary trends are not merely a US phenomenon, as the two graphs below on European inflation and manufacturing input prices suggest.

Source: [Financial Times](), 24FEB2021

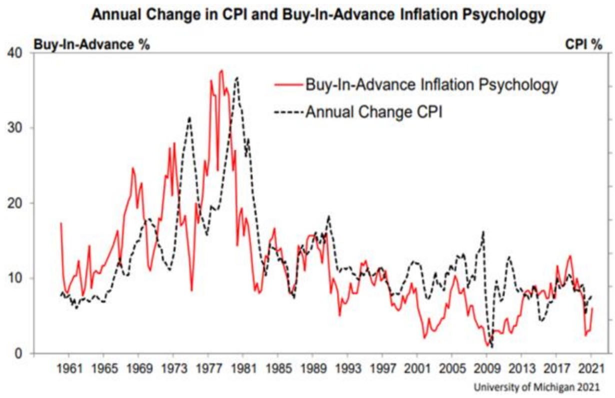
And *"While both data and sentiment seem to point towards regime change, psychological factors could ultimately loom larger than the monetary and fiscal mandarins currently expect. In Ruffer LLP's annual The Ruffer Review, chief investment officer Henry Maxey writes:*

»What history shows is that inflation is often a collective behavioral phenomenon—with all the non-linear dynamics that implies. If we think of it in this way, we may be drawn to the lesser-discussed fiscal theory of inflation.

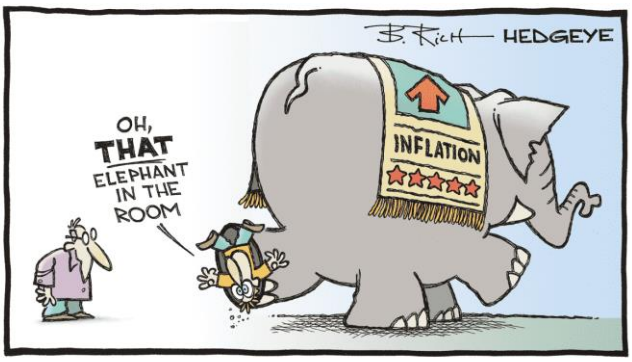
This holds that a loss of confidence in a government's ability to service and repay its debt results in a repudiation of the country's bonds and an inflation caused by currency weakness. A confidence crisis like this occurs suddenly, rather than in a predictable, mechanistic manner. Think tipping points.»" (Source: Almost Daily Grants, Tipping Points, 25MAR2021)

How this may come about is suggested in the University of Michigan's March consumer sentiment, which noted that *"current and prospective stimulus and infrastructure spending has the potential to spark an inflationary psychology."*

Prior to 1980, a buy-in-advance mentality led CPI by approximately two years. This was also a period of supply chain disruptions, as Middle Eastern oil exports were seriously affected. As the survey concludes, *"The key issues are not to underestimate the ultimate impact of economic policies on employment and inflation, and not to overestimate the ability of economic policies to bring any excesses to a painless soft-landing."* – Amen!



Source: http://www.sca.isr.umich.edu/



Source: Hedgeye, Chart of the Day, 19MAR2021

At Incrementum, we agree that these developments deserve scrutiny, and given the early stage of this inflationary cycle we see little reason yet to classify current inflationary pressures as transitory. And more importantly, as responsible manager of the **Incrementum All Seasons Fund** I am committed to the pursuit of real returns, and thus would rather avoid being trampled by the elephant in the room…

So far, this has worked out ok for our investors.

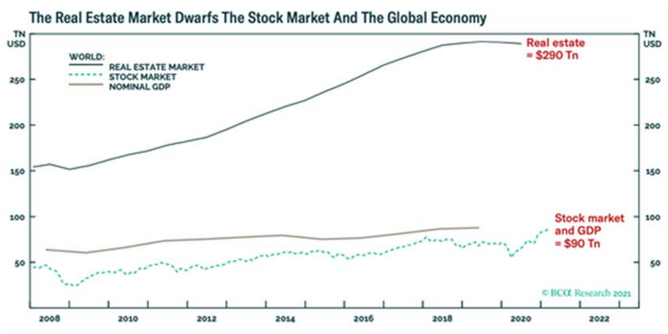
Financial Markets – Shock and Awe

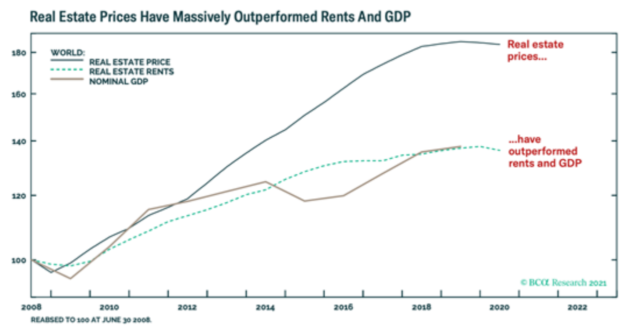
In February, I issued an interim report headlined "Bubblicious", which aimed to shed some light on the developing GameStop saga, while highlighting once again the growing decoupling of financial markets and asset prices from underlying fundamentals.

Over the past decade, this has been a recurring SR (and predecessor) theme, which has developed beyond my wildest expectations. Normally, you might find me ranting on about equity markets in general or the performance of Tesla in particular, which despite of being barely profitable has seen its share price rise more than 15 times over the past two years.

Tesla chart; Source: investing.com

But how much the past decade has morphed into the EVERYTHING BUBBLE is equally well demonstrated by looking at the largest asset class of all (no, not Bitcoin / Crypto – at least not yet 😉), which is real estate. Last month BCA Research reminded us *"that global real estate, all bar about 10% of which is residential, is worth far more than the world's entire supply of stocks and bonds. At some $290 trillion, it's even worth far more than the world's annual gross domestic product"*. As the graph below on the left shows, after a brief post-GFC dip the value of global real estate has been soaring, nearly doubling over the past decade, which is an achievement not dissimilar from global equity market performance. (By the way, does that not mean that there has been at least some inflation in our deflation-infested world…?)





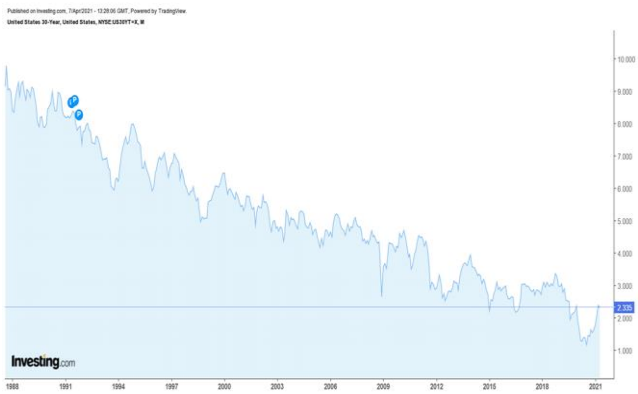
Source: What Could Possibly Go Wrong? (Real Estate Edition); John Authers via Bloomberg Opinion Points of Return, 5MAR2021

And as the graph above on the right shows, prices have not only significantly outpaced GDP but more importantly rents, which is just another way of pointing out the global and all-encompassing yield compression we have been cursed with witnessing. – Blessed if you owned your home~~, damned if not~~.

And to quote (**emphasis** mine) the as ever acutely observant John Authers, via his Bloomberg Opinion Points of Return column:

"The implication is that we are all leveraged to low bond yields. *As Joshi's chart* ~~*below*~~ (on the right) *shows, the implied rental yield paid by property has moved in line with yields on long U.S. and Chinese bonds. An increase in bond yields that in turn causes a drop of 10% in the level of global house prices isn't hard to imagine. That would be a wealth effect of almost $30 trillion, or about a third of global GDP, and a sledgehammer to the world economy."*

Source: [What Could Possibly Go Wrong? (Real Estate Edition)]

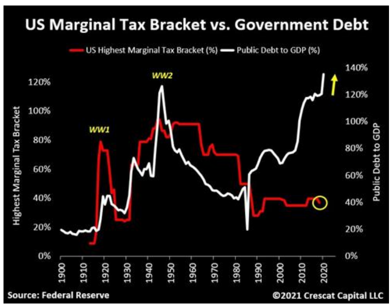


Source: [investing.com]

Now, BCA's Joshi argued for one last deflationary downdraft, expecting a stress point when US 30y yields approach 3.75%. But I would argue that this is exactly why this will never be allowed to happen, as the impact of such an interest rate rise would similarly depress equity and bond markets. The resulting asset value contraction and forced deleveraging may well prove too big to handle by monetary, fiscal and / or macro-prudential policy.

Hence, *"If any of this seems counterintuitive, look at the bizarre state of affairs where an entire generation seems to be unable to afford to buy a house, and adults are continuing to live in the parental home for many years after leaving school. That's a clear indicator that housing is artificially expensive. Bringing prices down would be a great way to alleviate some of the ugliness and division in society — but it's hard to see how that can happen without an accident."* (Source: [What Could Possibly Go Wrong? (Real Estate Edition)]) – "*…an accident*?" I have the highest respect for your commentary, John, but I would have gone for "*threatening calamity*".

Personally, I doubt that our political and bureaucratic class is unaware of all this, which is why I expect that a sustained rise in inflation and related financial repression is the only way out. This, by the way, and as the graph on the right highlights, suggests substantially higher taxes going forward.



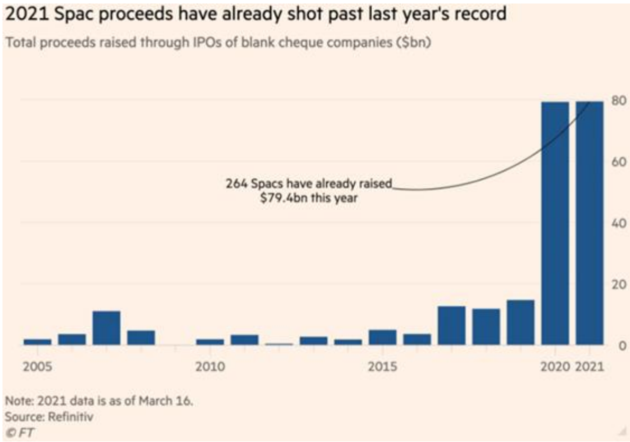
Source: @TaviCosta, [Twitter], 25FEB2021

Hence, we all must be prepared for more, not less government intervention, and that sadly means the ongoing transformation of ~~financial~~ markets into ~~financial~~ utilities.

I guess this is also the reason why the "smart money" is so highly leveraged, even if it occasionally blows up spectacularly, as recently witnessed by forced liquidations at Archegos family office, which cost a few too-big-to-fail banks a couple of billion dollars.

Those who care for recent (meaning, gathered over the past eight weeks) evidence of prevailing excessive speculation, rather than a complete list, I had planned to brief you on the investment craze in SPACs (Special Purpose Acquisition Companies) and NFTs (Non Fungible Tokens), the demise of Greensill Capital and the collapse of Archegos Capital Management, but alas that may have again threatened to turn this into a truly book-sized missive.

Hence, I'll leave you with yet another graph (of the quarter) and the related FT article on the SPAC phenomenon, as well as an article from "The Verge", headlined "Beeple sold an NFT for $69 million" for a primer on the NFT madness. The FT has also written extensively about the demise of Greensill Capital, which was backed by Softbank, promoted by ex UK-PM David Cameron, involved some questionable insurance business and yielded big losses for the likes of Credit Suisse and their clients.



Source: Financial Times, 17MAR2021

Quite frankly, my own lack of imagination became evident when I read that *"Greensill did not just provide credit on the basis of actual invoices, according to a lawsuit filed by US mining group Bluestone, one of its biggest clients. It also issued credit on the basis of "future" invoices. Even stranger, these were from potential, as well as existing, customers."* (Source: FT Lex, Opacity a red flag for creditors, 20MAR2021)

And as far as SPACs are concerned, the Palm Valley CM 1Q 2021 Commentary had this to say: *"These vehicles allow investors to give money to executives to hunt for an acquisition over 18 to 24 months. From flying taxies to undetermined social justice causes, no business model is too outlandish, especially for those with celebrity backers. If the sponsors make a deal, they often receive 20% of the shares of the new entity (the "promote"). That's a powerful incentive to act, and in terms of target opportunities, the timing couldn't be much worse. The average SPAC premium to NAV (i.e. cash in the bank waiting to be deployed) reached an all-time high of 26% in Q1 (Source: Accelerate). Maybe it's a bubble when promoters are choosing SPAC names that mock the entire space, like* Just Another Acquisition Corp. *and* LMF Acquisition Opportunities*, ticker* LMAO.*"* – The latter is almost too brazen or stupid (take your pick) to believe, but I bet the promoters were laughing their a…. off all the way to the bank. However, last week I read that fund inflows have slowed after a lot of SPACs have seen their NAV premiums turn into small discounts, which suggests that the speculative flows may have turned to the next big theme already.

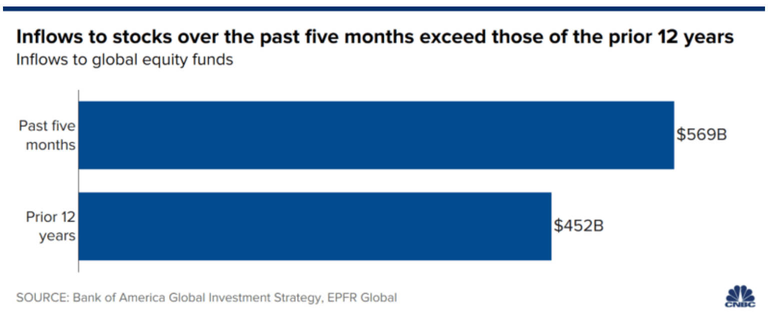
Source: Hedgeye, 05MAR2021

The quarter was rounded out with what Bloomberg titled "The fast rise and even faster fall of a trader who bet big with borrowed money", in an article that dealt with the latest instalment of a story that is as old as the hills. And in my experience these stories tend to turn up almost always and without fail in late-stage bull markets kept afloat with easy money.

In short, it featured a devout Christian hedge fund manager, who after having been convicted of insider trading in 2012 continued to live out his Julian Robertson blessed tiger cub hedge fund story of fame as the principal of a "family office", which have the benefit of being less regulated, and recently tried his hands at too aggressively leveraged plain old stock manipulation. In the eventual forced liquidation, Credit Suisse (again; about $4.7bn) and Nomura ($2bn) turned out bag holders, while Goldman Sachs and Morgan Stanley seem to have gotten out ahead of their international peers. Further critical insight into this case can be gathered via the April 2 episode of the Epsilon Theory Podcast, which deals with the entire issue of recent financial blow-ups and the role leverage played therein.

Looking at all this, the recent reminder by Incrementum partner Ronni Stoeferle of the "Crack Up Boom" phenomenon (e.g. here) seems appropriate. It was initially developed and coined by Ludwig von Mises as part of Austrian Business Cycle Theory and given the excessively expansionary monetary policy of the past years now poses a real risk of unfolding. Fund manager Harris Kupperman, aka Kuppy, calls what he sees unfolding "Project Zimbabwe", which I personally find an even more apt description.

The inflationary tendencies on which this is built are reflected in the incredible fact that according to Bank of America global equity funds over the past 5 months have attracted higher inflows than over the prior 12 years!



Source: CNBC, 9APR2021

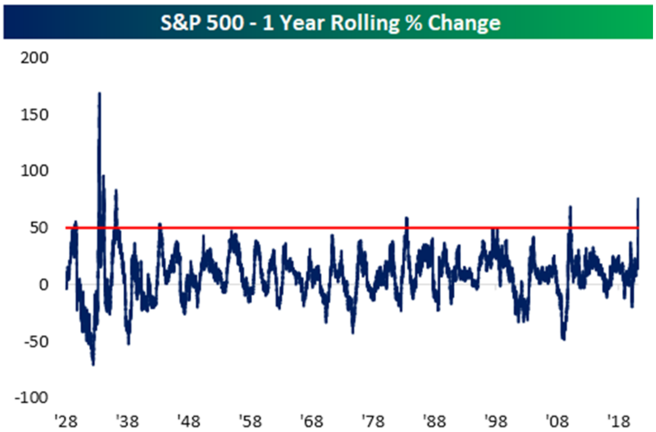
Source: Francesco Fila, Fasanara Capital, 5APR2021

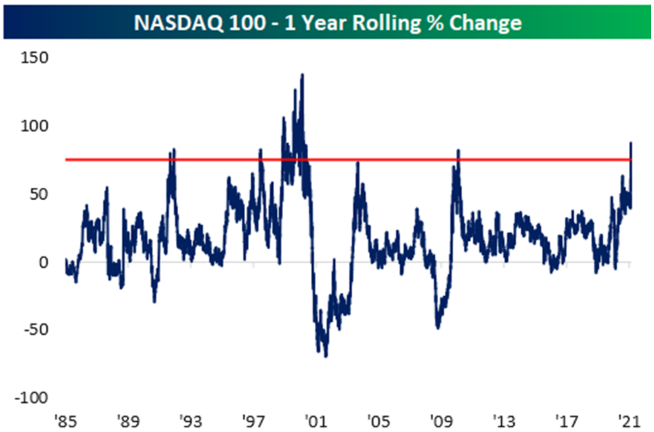
CNBC presents the argument that this reflects expectations of very high real growth rates and related rises in corporate profitability: *"Year-over-year profits are expected to expand by 23.8%, which by itself would be the best growth rate since the third quarter of 2018, according to FactSet."*

A critical observer wonders whether this has not already been reflected in the 50% y-o-y advance witnessed e.g. in the FTSE Global 100. This is the same type of argument that has accepted profit setbacks as one-offs, while latching on any growth to justify ever higher prices….

Source: investing.com, 12APR2021

And how dramatic the rise in equity prices has been over the past year can easily be gauged from the two graphs below, courtesy of Bespoke Investment Group:

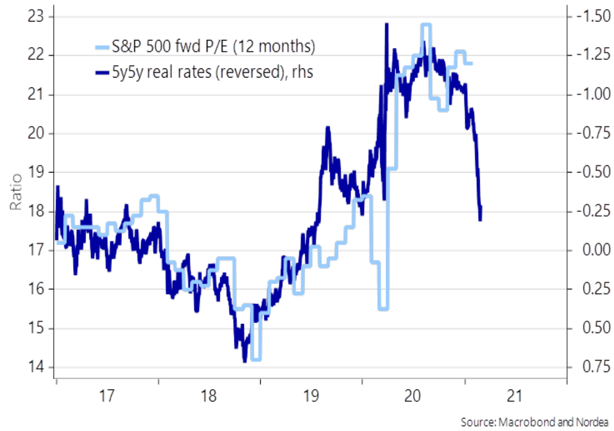




Source (both): www.bespokepremium.com, 22MAR2021

Having said that, this alone does not suggest that the past year's rally cannot continue. It merely highlights that there have been very few historic precedents (essentially only 1929 for S&P500 and the late 1990s for Nasdaq) for an even more violent short-term price explosion higher.

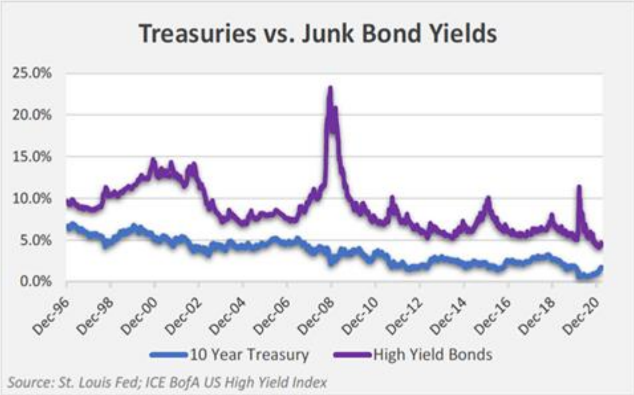
Another often cited reason for equity prices advancing is that equity valuations are still attractive relative to bonds. I disagree with this line of argument, simply because bond prices are no longer formed in a free market, but instead are the result of yield levels deemed necessary by global central banks to ~~keep the global debt berg from collapsing~~ stimulate growth and employment, while boosting inflation to and above the magic 2 percent level. In other words, investors base their willingness to continue to chase equity valuations ever higher on the conviction that central banks will keep the bond market in check (eventually via explicit yield curve control) while retaining faith in the stability of fiat money, which is a feat that we believe will eventually overwhelm the authorities' ability to pursue conflicting goals.



Source: [Bye bye reflation](), FX Weekly, Nordea, 28FEB2021

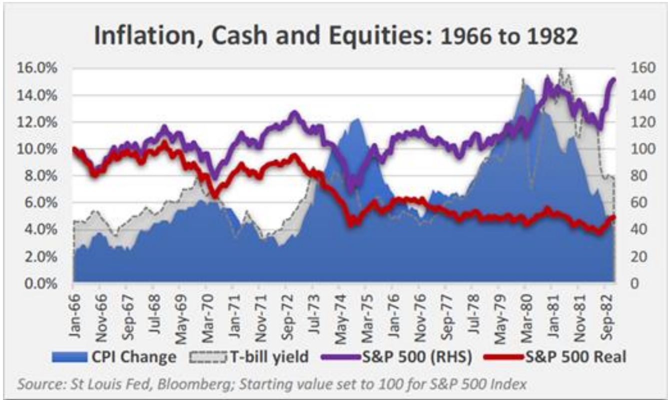
Over the past five years there has been a very high correlation between the level of real (i.e. inflation-adjusted) interest rates and the S&P500 forward PE ratio, as the graph on the left shows. Real yields are the result of nominal yields, which especially in the US have been rising meaningfully, minus inflation. Unless nominal yields correct and/or reported inflation rises a lot, thus causing real yields to fall, a continuation of that correlation does not bode well for the overall equity market outlook.

So, in summary, financial markets continue to remain very much in risk-on mode with speculative excesses popping up in many corners of the markets, as TINA (There Is No Alternative) forces investors into ever more exotic, leveraged / illiquid investments higher up the risk curve. This is driven by the desire to obtain certain nominal yield levels, as e.g. the 4.5% offered by government bonds during the GFC can now only be achieved with junk bonds.



Source: [Palm Valley CM 1Q 2021 Commentary]()

Let me conclude this section by flagrantly borrowing from the as always thoughtful and well-written [quarterly commentary by Palm Valley CM](): *"Whether it's helicopter money or the perception of risk-free investing, we believe most people are taking what's given to them without much critical thought. The longer the bubble exists without totally exploding, the more powerful the fat, blind inertia. Welcome to the mania. Check your "reason" at the door. …*



Source: [Palm Valley CM 1Q 2021 Commentary]()

Asset inflation has been unfolding for years. The jury is out on whether record, increasing deficits will bring accelerating price increases to goods and services. Many of those who wish to protect against inflation believe that owning stocks is the best solution. The last time U.S. CPI rose above the tepid levels of recent years was from the late 60s to the early 80s. Stocks performed very poorly over this period, especially in real terms.

On a nominal basis, the S&P 500 was down 30% nearly nine years into the inflationary era (-50% real). By the time CPI peaked at 14.5% in 1980, the S&P had barely increased in nominal terms over 14 years, and it was down by half when adjusted for inflation. Stocks didn't start healing until Fed Chair Volcker broke the trend of rising prices through aggressive rate increases. The oft-cited Shiller P/E was 24x in 1966 at the start of the inflationary era versus 35x now. The Shiller P/E troughed in 1982 at 6.6x. ***Prepare for equity valuation multiples to contract if CPI breaks higher.****"* (Source: Palm Valley CM 1Q 2021 Commentary)

In our view, the unfolding endgame of this secular debt cycle has yielded the tacit acknowledgement that the world is saddled with way too much debt, which governments will attempt to inflate away in a controlled manner. Monetary policy alone could not create sufficient real economic activity to cause any meaningful CPI inflation over the past decade. This is changing with the reality of fiscal stimulus taking over from monetary policy, which brings the curtain down on the secular stagnation and excess savings thesis, provided governments continue on the current path of fiscal deficit expansion, which is not only recommended and thus backed by supranational institutions like the OECD (s. P7 above). In our view this will cause inflation to rise significantly above the so far enshrined 2% devaluation pace. It will also not only ensure the status of government bonds as certificates of confiscation for private investors amid persisting negative real yields, but also risk occasional violent corrections in equity markets amid a continuation of the rotation out of long duration growth stocks into value / hard asset stocks. Investors can expect **IASF** to be positioned accordingly.

Incrementum All Seasons Fund – 1Q 2021 Review

How did the fund's positioning work out this year so far? - **Well, before I continue, let me remind all readers:**

Any investment analysis, views, and assumptions included in this document are based upon current market conditions and reflect the opinion of the author. All information contained in this newsletter has been compiled by the author from sources believed to be reliable, but no representation or warranty is made by the author, as to its accuracy or completeness. The Newsletter is issued to registered subscribers for information and entertainment purposes only and must neither be regarded as an attempt to solicit an investment in individual securities or asset classes mentioned, nor in the Incrementum All Seasons Fund. Past performance is no guarantee for future results, and the value of the fund may go up as well as down. If you seek investment advice, please consult a licensed investment advisor, or do your own due diligence.

When summarizing the first quarter by numbers, I would highlight 608m global Covid-19 vaccinations, more than USD 4 trillion in US fiscal stimulus, a further USD 5 trillion increase in global stock market capitalization, coupled with a fall in the value of negative-yielding global bonds by USD 6 trillion. In fact, 1Q 2021 delivered the worst quarterly return for 30-year Treasury bonds since 1919, the worst for Investment Grade bonds since 1980, and the worst for gold since 1982.

Though the latter might suggest a difficult quarter for **IASF**, given its sizable exposure to both precious metals and mining company prices, the reality is that the fund has performed rather well during 1Q 2021. A 15% gain for all share classes has done a great deal to make up for a lacklustre 2020 performance. The numbers on the left below reflect **IASF's** performance until the last trading day of the quarter (25.3.), and I have also listed the annual changes for 2020 and 2019 for readers' information.

IASF QUARTERLY NAV CHANGE

1Q 2021 (31.12.-25.03.)

EUR-D	119.08	15.13%
USD-D	122.45	15.74%
CHF-D	117.59	15.25%
EUR-P	116.87	15.04%

IASF 2020 NAV CHANGE

1.1.2020 - 31.12.2020

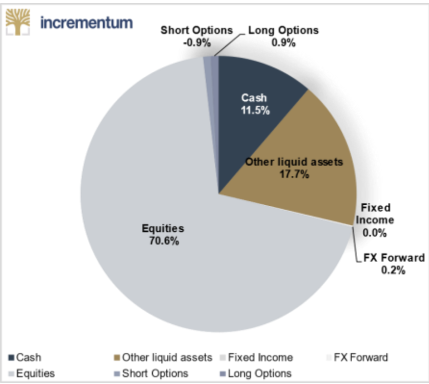
EUR-D	103.43	-1.01%
USD-D	105.80	-0.26%
CHF-D	102.03	-0.90%
EUR-P	101.59	-1.39%

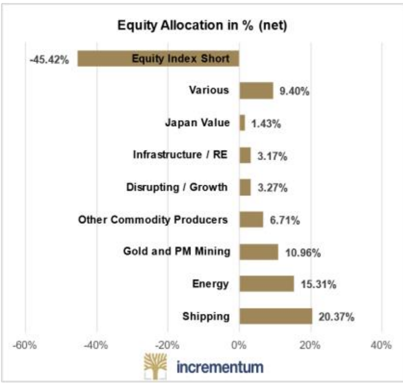
IASF 2019 NAV CHANGE

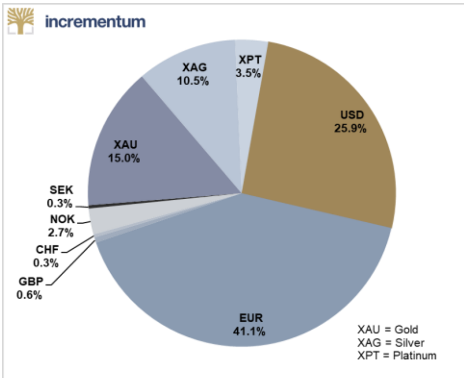
6.6.(D)/26.9.(EUR-P)-31.12.2019

EUR-D	104.49	4.49%
USD-D	106.08	6.08%
CHF-D	102.96	2.96%
EUR-P	103.02	3.02%

As investors and regular readers will know, we apply a value-driven approach to investing, and without the need to follow benchmarks have been able to position the fund's portfolio in areas that did exceedingly well in 1Q 2021. Given that we consider us investors rather than traders, overall allocations have only changed modestly over the past quarter.







We use the above graphs on our monthly factsheets to highlight **IASF's** overall risk exposure. Compared to the year-end 2020 allocation, **EQUITY** exposure has fallen by 5% (gross and net; the latter being gross exposure of 70.6% minus the fund's index short position, coming out at 25% at quarter end), with thematic exposure 2.2% higher in **SHIPPING** (despite profit-taking), **ENERGY** sector exposure 1.5% lower amid more sizable profit-taking and **GOLD AND PM MINING** exposure 1.1% higher at 11%, as we took advantage of price weakness during 1Q to add to positions.

Given that the fund has no exposure to bonds, this reduction in equity exposure has led to an equivalent increase in **CASH** and **OTHER LIQUID ASSETS** by 5% to 29%. Meanwhile, FX allocation in the EUR-based main investment account has seen an 11.5% increase in **USD** exposure to 26%, mainly at the expense of the portfolio's base currency **EUR** exposure, as well as a reduction in **GBP** exposure. Both the USD and CHF share class are hedged to the underlying EUR investment portfolio.

Among individual equities, **SHIPPING** has seen almost all holdings registering double-digit gains, led by Scorpio Tankers (+65% quarterly price gain), which explains why despite of profit-taking **SHIPPING** sector exposure has climbed to 20%. From a diversification and risk management point of view we intend to cap the fund's exposure at that level. On the back of rising oil and gas prices, **ENERGY** stocks also did extremely well, led by Antero Resources (+87% over the quarter), and as in **SHIPPING** we registered not one single holding in the red over the quarter. The same was true for **OTHER COMMODITY PRODUCERS**, though the gains were somewhat more modest, led by a 25% gain in Yara Int'l, which has subsequently been sold already. We also took profits in the fund's holding of BR World Mining Trust as well as copper producers to take advantage from the strong rally in the underlying metal. In contrast our **GOLD AND PM MINING** stocks were all in the red during 1Q, led by a 23% share price decline for Equinox Gold, amid a sector pullback we regard as an opportunity to add to sector holdings. Our **DISRUPTING** / **GROWTH** theme has delivered strong gains overall, though volatility in this segment has at times been breath-taking, which is why we are keeping position size smaller than in the more mature industries / themes. We also experienced solid double-digit gains in our small **INFRASTRUCTURE** / **RE** and **JAPAN VALUE** exposure, while with only two exceptions our **VARIOUS** bucket delivered strong positive performance.

As usual, we have been actively trading around individual positions in order to take advantage of increased volatility in our main sector themes. Moreover, we conducted a total of 40 option trades during the quarter, almost all on the short side (i.e. selling options) to harvest volatility premia, which in total yielded just over EUR 1m in income over the quarter, which in turn represents a performance contribution of 2.37% to the fund.

In summary, we are pleased with both **IASF's** past quarter and overall performance since launch in June 2019. The fund's NAV has over the past five months benefited from a first wave in the expected reflation trade. While this has experienced a not unsurprising consolidation recently, we are convinced our positioning will add more value over the course of the year.

IASF PERFORMANCE ANNUALIZED

6.6.(D)/26.9.(EUR-P)2019-25.3.2021

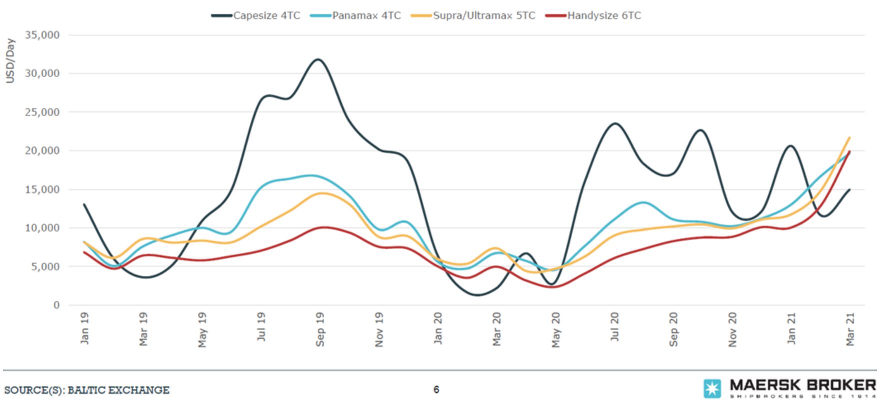
EUR-D	119.08	10.17%
USD-D	122.45	11.89%
CHF-D	117.59	9.40%
EUR-P	116.87	11.00%

Let us now have a quick look at the main investment themes:

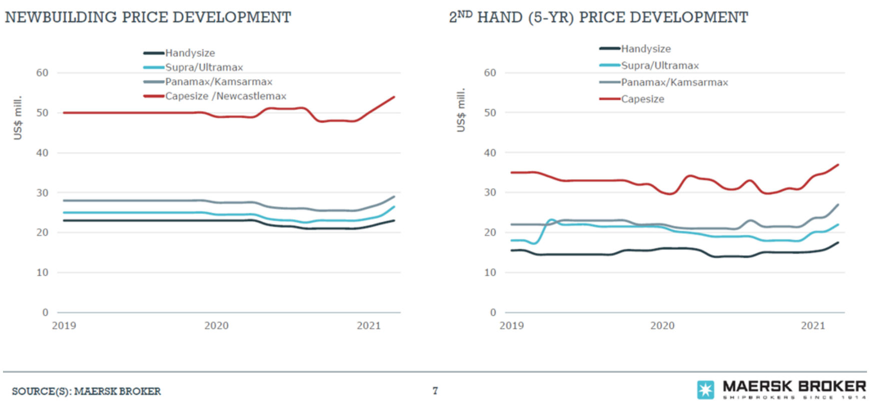
In **SHIPPING** the fund holds 11% oil and product tanker and 7% dry bulk exposure (balance is in chemical tanker, LPG and ship financing stocks). The tanker market showed its potential during 1H 2020, when tankers were in high demand to store surplus oil amid the sudden pandemic-driven economic contraction. We wrote extensively about the sector here or here. Not entirely unsurprising, the record rates earned during 1H2020 were followed by rock-bottom rates in 2H2020 and into 2021, as vessels used for storing oil offshore were gradually released back into the market, while oil and product shipping demand remained relatively low. But OPEC has just lifted its oil demand forecasts amid easing Covid concerns and a related anticipated strong recovery in travel, expecting additional demand of 1.5m bpd (barrel per day) in 2Q and another 3m bpd during 3Q, envisaging demand to fully recover to pre-crisis levels by year-end. Given earlier described global growth estimates that must still be seen as reasonably conservative, and hence we remain optimistic for tanker rates and earnings over the remainder of the year, the early April share price correction notwithstanding.

Meanwhile, dry bulk shipping companies are already experiencing the highest rates (especially for the smaller vessel classes) since 2011.

Freight rates have soared in recent months, and assuming current rates can be maintained over the course of this year, our portfolio holdings are still incredibly cheap, given the tremendous cash flow and earnings potential that offers.



Meanwhile, vessel prices have also been on the rise, especially for second-hand vessels, as many shipowners would rather buy a second-hand than a newly built vessel, leading to improving NAVs for listed shipping companies.



The reluctance to order new-built vessels is attributable to uncertainty about environmental regulation in the sector, as it is not yet clear what future regulatory compliant propulsion technology will look like, which by the way affects the entire **SHIPPING** sector.

Hence, we have a situation where an above average aged fleet, coupled with a low order book, encounters rising demand trends, which promises a more enduring rate and profitability upcycle over the coming years, which is still a long way from being fully reflected in current stock prices.

We have also regularly explained our favourable outlook for the **ENERGY** sector in these pages, especially a year ago here, arguing that we invest in the spirit of Wayne Gretzky's famous quote: *"I skate to where the puck is going to be, not where it has been."* – Though we had to wait half a year before ~~the puck arrived~~ stock prices finally responded with any vigour to the recovery in oil prices, we were able to harvest great returns on many of our individual investments over the ensuing 5 months. And the points made above concerning oil demand trends suggest that the short- to medium-term outlook remains constructive. The Financial Times today summarized current demand upgrades both from IEA and OPEC in an article headlined: "IEA lifts oil demand forecast as outlook turns 'decidedly' brighter".

Ok, let us now take a quick look at **GOLD AND PM MINING**, which has been a clear drag to the portfolio, and many investors seem to be disappointed about the recent decline in precious metals prices and related mining companies. One often used argument is that precious metals prices have been suffering from a diversion of fund flows into Crypto currencies, first and foremost Bitcoin, which are encountering growing institutional interest:

"This time the biggest player yet comes in, as Tesla announced their USD 1.5B Bitcoin allocation. Elon Musk motivated the purchase by increased risk associated with holding dollars on the balance sheet. Other parties that doubled down on Bitcoin were NASDAQ listed Square and MicroStrategy buying for USD 170M and USD 1B respectively. This is in line with the trend we have been seeing for the last few months with more institutional entities making an allocation into Bitcoin. As mentioned earlier, it seems this is mostly on the back of unconstrained monetary policy by the central banks. It seems that this trend will continue, as Jerome Powell, the FED chair, stated in a speech to the Congress that low interest rates and bond purchasing will keep up "at least at the current pace until we make substantial further progress towards our goals"." (Source: Maven's Insights – February 2021, 2MAR2021)

Essentially this is the argument that Incrementum partners' Mark Valek and Ronni Stoeferle have been making, namely that Bitcoin and other store of value tokens similar to gold and silver are #noninflatable. I see validity in their argument and both Incrementum's Digital & Physical Gold Fund, as well as newly launched Crypto Gold Fund are based on it.

And yet, without going into the weeds of the whole discussion, there is one asset class, led by Bitcoin, which currently reeks of a speculative mania, while the established inflation hedge Gold (and to a lesser extend Silver) clearly do not. And that is why I prefer owning gold rather than Crypto currencies…

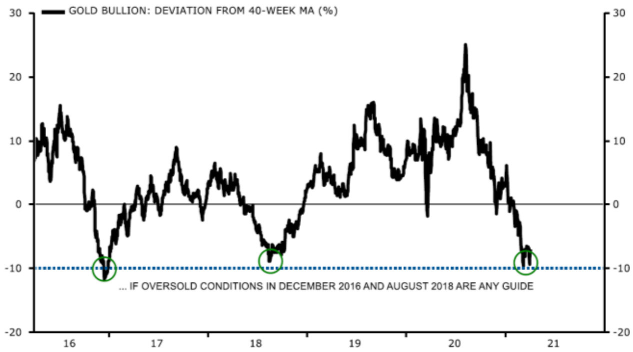
Source: www.investing.com (https://invst.ly/uguzi)

Source: [Hedgeye](), 3MAR2021

But as often late in the risk-on cycle rear-view investing dominates, and the siren call of something rising as strongly as Bitcoin is overwhelming as it seems so easy to get rich quick, making many gold investors feel rather less well. An additional lure of Bitcoin is that it combines its alternative store of value function with the appeal of technology, a theme that has been dominating equity markets in recent years.

Supported by missionaries like Elon Musk this is a combination that is hard to beat. It also tends to end in more traditional store of value disciples to be regarded as oldtimers, who just don't get it. To which I would respond that I am not yet an Oldtimer, but definitely a Goldtimer 😉, and for any long-term investor the case for buying gold as the only remaining hard currency left should be evident given the ongoing debasement activities by our monetary mandarins and their political masters.

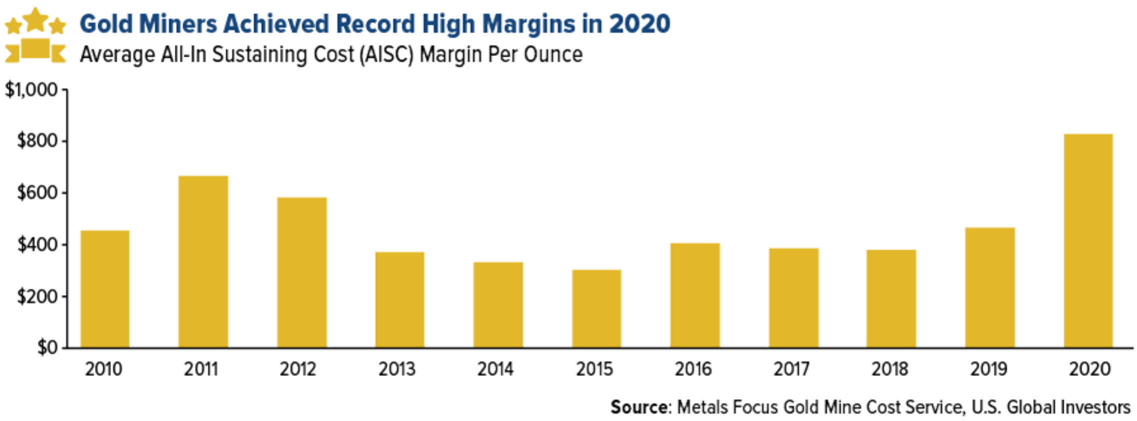
But given the current feverish risk-on mode, it is hardly surprising that with a 10% decline during 1Q 2021 the yellow metal has suffered its worst quarterly start in years. And at the time of writing the gold price chart below suggests only tentative signs of stabilization. However, the price of gold is clearly oversold, as is also evidenced by the 10% undershooting of its 40-week moving average.



Source: Ronnie Stoeferle, @RonStoeferle, [Twitter](), 7APR2021

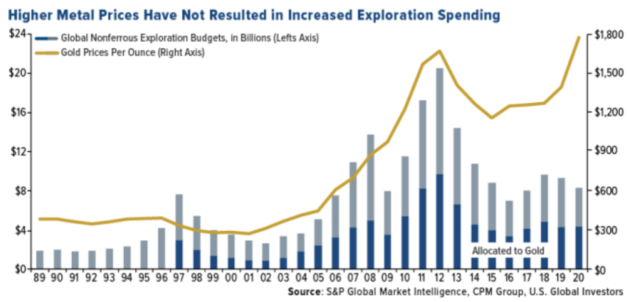
Source: [investing.com](), 15APR2021

Looking at **GOLD AND PM MINING**, the graph below confirms that based on the average all-in sustaining cost (AISC) margin the sector experienced its most profitable year ever in 2020, essentially pocketing USD 828 per ounce, compared to the prior 2011 high of USD 666 per ounce.

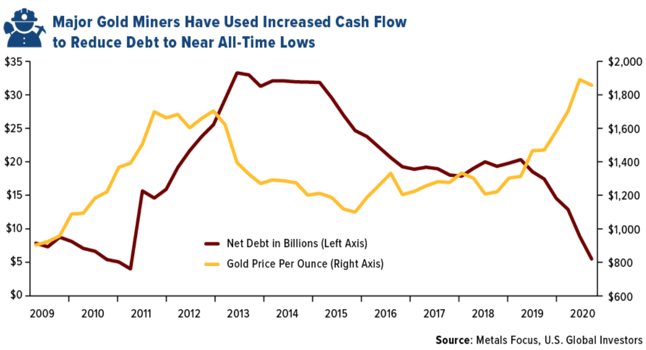


Source: US Global Investors, 30MAR2021

This is the result of higher gold prices coupled with producers' focus on cost discipline, which is almost the mirror image of the behaviour displayed during the exploration spending boom around the last gold price cycle peak in 2011, when gold mining companies delivered rather disappointing earnings and free cash flows.



Source: US Global Investors, 30MAR2021

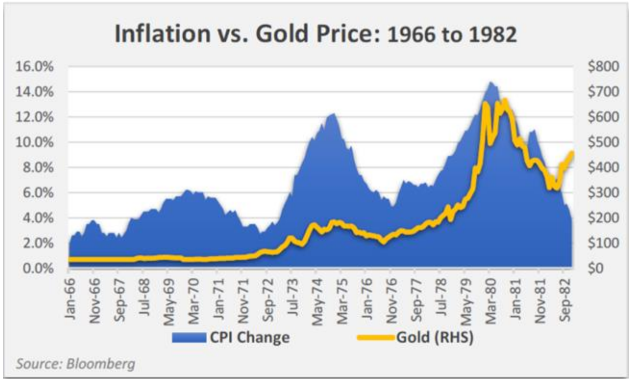


Source: U.S. Global Investors, 9APR2021

This time, and as the graph on the left shows, the vastly increased cash flows of major gold miners have been predominantly used for debt reduction, which according to research by Metals Focus and US Global Investors *"currently stands at a collective $5.5 billion, the lowest level since 2011 and near all-time lows. Two miners in Metals Focus's peer group are now net cash positive, the precious metals consultancy says."*

Hence, corporate management teams have learnt their lesson from the last cycle and are applying far more discipline both in capital spending as well as in the M&A arena. Coupled with expectations of higher gold (and silver) prices over the coming years, that bodes incredibly well for the outlook for gold and silver mining companies, which have a long way to go in their re-rating process.

Ultimately, our main reason to maintain sizeable exposure to gold (and PM) as alternative to fiat money cash, as well as to the PM mining sector, is the historically and beyond any doubt proven function of gold as effective inflation hedge. As we expect the world to enter another longer-term inflationary period, gold should consequently be a significant allocation in any long-term investment portfolio.



Source: [Palm Valley CM 1Q 2021 Commentary]

Concluding this chapter, I am fully aware that this all goes completely against the prevailing investing narrative, which favours technology and growth stocks above anything else. And anyone who avoided that sector, has had incredible headwinds to deal with making it rather challenging to prevail in our relative performance driven investment world. But my core belief remains that the investment regime is in the early stages of rotating from tech / growth towards asset-heavy / value, a process which will be driven by higher inflation rates leading to higher nominal yields.

"Over the last five years, the MSCI World as a whole has shown a tendency to hit a plateau and decline when tech earnings yields drop too far compared to 10-year Treasury yields. That choke point was passed a week ago, and has been followed with this week's exciting events."

This was published in late February, when US-10y yields first reached 1.5%. John Authers concluded: *"This is decent evidence that bond yields have reached a high enough level to thwart further advances in the stock market. It isn't yet clear that they would on their own drive a major fall."*

Source: What Just Happened? By John Authers, Bloomberg Opinion, 26FEB2021

I could not agree more – the tech-driven rally can always go on a little further, as valuations have long exited the realm of rationality. But I do not doubt that higher inflation rates will lead to higher nominal interest rates, even if inflation-adjusted real rates will remain firmly in negative territory. Hence, I do smell trouble ahead, as it seems quite likely that the next months will deliver annual CPI growth of 4%, and thus dragging 10-y US rates to 2% and European / German 10-y back to 0% or even into slightly positive territory. This will pose significant headwinds to a market structure that is incredibly leveraged, and mostly built on extremely long duration assets.

REMINDER: As responsible fund manager for IASF all my views expressed in this report, and particularly those concerning fund holdings must be considered biased and are not tailored to my readers' individual needs. Although I use great care in writing this commentary, it reflects my personal views and opinions, and as all I do as a fund manager is subject to a great amount of uncertainty, you should not rely on it for accuracy. Thus, always consult a licensed investment professional if you seek investment advice! And remember that past performance is no guarantee for future returns, and all investments involve risk including the loss of principal.

closing remarks

Investment management remains as challenging as it ever was, and as responsible manager of **IASF**, I try not to get married to one style or investment theme. Though I regard myself a value investor, any "investor" in my view is a value investor, as investing ultimately involves assessing the present value of securities and comparing them with their market price. If the latter is sufficiently lower than the former, an investment is warranted. This differs from an "investor" who bases his decisions on technical analysis, or quantitative / trend-following models.

In addition, it is critically important to anticipate well, and hence I try to remain flexible and open-minded, adapting to the investment regime we find ourselves in, without simply to chase the current fashion and follow the crowd. And it is that anticipation process that often drives me to make contrarian investments. Overall, this has served investors well so far, and I am optimistic that this will remain the case over the rest of the year and beyond.

As always, I welcome readers' feedback by e-mail, and sincerely thank you all for your interest and our investors for their trust and support.

Greetings from Schaan, Liechtenstein!

Best regards,
Hans

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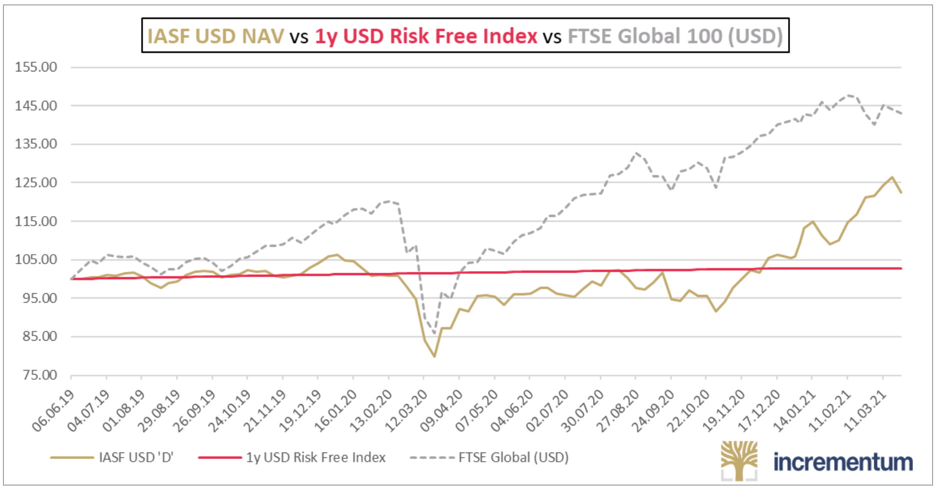
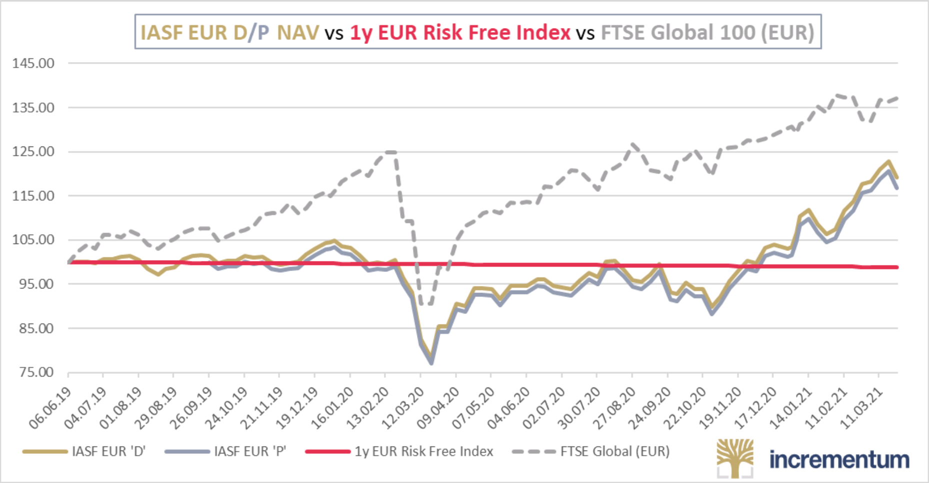
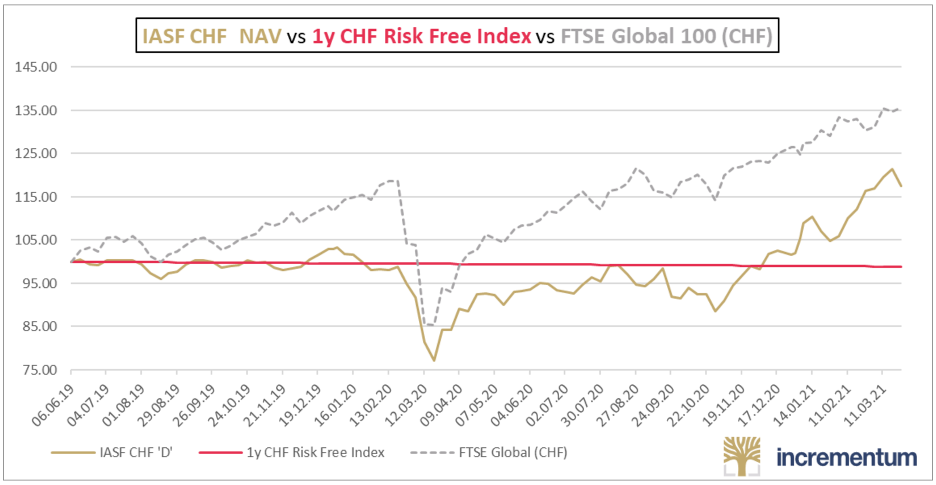
Appendix *







* Graphs display NAV of IASF performance until last valuation date (**25MAR2021**), compared to the respective risk-free 1y-government yield, as well as the FTSE Global 100 Index in respective currency as a proxy for broad equity market performance from the start of the investment period (6Jun2019 for 'D' shares; 26Sep2019 for EUR-P shares) on an indexed basis.

IASF PM Shaped By 8 Investment Lessons

1. Capital markets, like the economy, are inherently cyclical in nature, and you must always know where you are in the cycle, while not hesitating to "Be fearful when others are greedy and greedy when others are fearful." (Quote: Warren Buffett)
2. Prices paid determine future returns, i.e. the higher valuations are, the lower future return expectations must be (and vice versa), which is the essence of value investing.
3. Capital preservation is the conditio sine qua non, and a consistent and long-term investment strategy is more important than short-term momentum chasing.
4. As a result you must always know when you trade, or when you invest.
5. The most basic and effective risk management tools are proper diversification and the ability to hold cash.
6. Hard assets are preferable to intangibles, distributions to accruals.
7. Look for the incentives: True alignment of interest works in investors' favor.
8. There is no magic formula for successful investing: Consider both macro- and micro-economic issues, be diligent, flexible, patient, keep an open mind, and realize that investing will always remain more of an art rather than a science.

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