

# The Fabulous Mogambo Rational Dullard Portfolio (TFMRDP)

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If I was a betting man, a hard-core gambling man, I mean a real long-shot kind of man greedily looking to make a ton of money in a hurry, using minimal investment, without doing any work, I would start accumulating out-of-the-money SP500 put options and/or short futures, starting right around in here someplace.

However, I am definitely NOT a betting man, because I really, really, really hate to lose money. That's why I invest only in gold and silver: They are a sure-fire, can't miss, "a winner every time" kind of thing, as definitively proven by 4,500 years of history, compared to almost everything else being a guaranteed long-term loser, as evidenced by that selfsame 4,500 years of history.

Instead of opening old wounds ("You bet HOW much money doing WHAT, you lowlife, irresponsible, deadbeat moron?"), let me show you why I am thinking of making bets again. As is Completely Freaking Obvious (CFO) from a cursory glance at the graph at multpl.com, the SP500 price/earnings ratio has been clearly rolling over since 2001, when the market made its last high, and is seemingly on its dismal way to plumb new lows, making suckers out of people who bought-and-held equities over the preceding 30-year bull market that began in 1980.

In short, just as it has done 4 times since 1870, or roughly averaging every 30+ years or so, the bull market is again falling apart, and people holding equities are again going to lose their money, as they sadly must, since it is mathematically impossible for everyone to take more out of the stock market than they put into it.

Thus, the majority of investors take long-term capital losses, which is the cruel punch line of the biggest swindle of all: putting your retirement money into the stock market.

And how about adding the additional pain of inflation-adjusting those big losses? Don't ask! For God's sake, don't ask!

So, hating to lose is why I completely quit making bets of any kind. And my wife didn't help matters when her "loving support" consisted of, at breakfast one morning, saying "It's only a lousy dollar on the stupid lottery, you whining jackass! If you are so upset to lose One Stinking Dollar (OSD) a week, why do you buy the damned lottery ticket when you know you are going to lose? I mean, it's not like they didn't TELL you that the odds of winning are 18 million to one, you whining bonehead!"

Of course, the kids cheerfully chimed in "Whining bonehead! Whining bonehead!"

I, to my dismay, had nothing to offer in my own defense, except to cleverly say "Shut up! All of you just shut up!" Unsurprisingly, their uninspired, dull response was "No, YOU shut up!" to which I wittily replied "No, YOU shut up!" I expected that the repetitious repartee would soon end, but it didn't, and instead went on and on.

I will spare you the ugly details, except to say that there was a lot of yelling and screaming and crying (mostly me), and someone stole one of my waffles when I wasn't looking, probably when I was busy throwing a childish tantrum because I was, firstly, righteously upset about my own children causing the eternal question "How sharper than a serpent's tooth is an ungrateful child?" to spring to mind.

Secondly, I was upset that I was rudely rebuffed when I carefully explained to them, in calm, cool, soothing tones, as befits a tender, loving father, "I am playing the lottery because we are freaking desperate, you little morons! The foul Federal Reserve is destroying us with a horrifying exponential/ logarithmic over-creation of money and credit, which means prices will have to rise in a terrifying inflation to absorb all of that new money coursing through the economy forever, and the response to such an economic horror is that the evil Federal Reserve creates even MORE money and credit, making everything worse!"

They were not impressed with that answer, as the odds of my hitting the lottery are probably better than the odds of my making money in the stock market, especially using a stupid buy-and-hold strategy. The fact is, as I never tire of pointing out, it is mathematically impossible for the majority of investors to take more out of the stock market than they put into it, thus the majority of investors will always realize a cumulative long-term capital loss, with the last guy to buy stocks taking the biggest hit.

And now, scarily, the current bull market that began in 1980, when Reagan started the fiendish fad of slashing taxes and making up for it by deficit-spending untold billions and billions of dollars, is -- sure enough! -- about 30 years old, the P/E line is predictably rolling over, private debt is at a maximum, and the cyclical, boom-bust nature seemingly inherent in the history of economics is, again seemingly, repeating itself.

In case you were wondering, the P/E ratio is currently a tad above 16, which is sort of on the high side. If things run to form, the SP500 will, with fits and starts, bottom-out about ten or twenty years from now ("mark your calendars!") when the price/earnings ratio is about 5 or below.

"So," I hear you asking, "How low will the SP500 actually go, since you think you are so smart and you run around shooting your mouth off like you know everything?"

Well, consulting the Mogambo Triad Of Awesome Prediction (MTOAP), consisting of 1) mystical chicken bones, 2) things I vaguely remember from a long time ago, and 3) making up the rest to "fill in the gaps," the resultant Official Stupid Mogambo Opinion (OSMO) is that the index will probably fall down to around 100 (assuming there are 500 companies

left to make up the index!), or less (assuming there are not), whereupon everyone gets squat, or, if you prefer, in the original German, "Squatzumwaltetgebangenschlag."

I am so gloomily pessimistic because I expect a complete, cataclysmic catastrophe to strike (checking my watch) any second now, partly because of this eerie "every 30-year cycle" thing, but mostly because of the fact that everything and everyone is up to their ears in suffocating debt, and so the horrid Federal Reserve is always creating so much, so impossibly much, so unbelievably much, so terrifyingly overmuch money (and corresponding more debt) over the last Half Freaking Century (HFC), and never more than Right Freaking Now (RFN)!!!

I will not go into an elaborate, jargon-filled scientific explanation about the concluding three exclamation points at the end of that last sentence, but suffice it to say that it doesn't take a Junior Mogambo Ranger (JMR) to know one important thing: That much more new money means that much more new inflation in prices, and thus (extrapolating to the obvious, horrifying historical and theoretical conclusion) We're Freaking Doomed (WFD)!

And when you couple this P/E thing portending disaster, with the government's promise of higher taxes for years to come, wouldn't the rational investor sell before the December 31 cut-off, so as to realize taxable gains this year when taxes haven't gone up yet, as they must soon?

And when you combine all that with looming, dooming specter of inescapable trillion-dollar federal budget deficits for years and years to come, all requiring the Federal Reserve to create massively more money and credit to both absorb all that new Treasury debt and to pay the gigantic, growing, gagging interest payable on the massive, monumental mountains of existing public and private debt, all at terrifying levels never before seen in history, it seems, even to a complete dullard like me, that a really rational investor would be selling equities and loading up on gold, silver and oil.

Thus, we behold the genesis of The Fabulous Mogambo Rational Dullard Portfolio (TFMRDP), holding only physical gold, physical silver and oil stocks, and destined, as it surely is, to be the best investment advice that any paranoid, angry, cynical and hateful old man, who has studied the Austrian School of economics and thus "seen the light," ever gave.

And did I mention easy? Why, that's the best part! It's easy, too, as I prove by gleefully exulting "Whee! This investing stuff is easy!"