

RealGrowth Investment Counsel

SINCE 1981

JULY 2025

Our Current Stance

EQUITIES: The interesting thing about equities is that their prices are determined by a voting public. That public includes individuals, companies, and an unlimited number of varied funds and recently even AI driven trading programs. In essence, prices are completely unemotional and have nothing to do with morality. Whether it is hundreds killed by a bomb launched from one country to another, the devastation wreaked from a flood, or an earthquake that demolished a city, stocks will find their own true value in time. The key point is the time part. But for us humans, stocks can stay irrational longer than most can stay solvent.

The moral of the investment story is that one has to have a plan, a theme to follow and stick with. Otherwise, the markets will throw curveballs that even the smartest AI computer can fathom.

Our investment plan assumes a long-term devaluation of fiat currencies and a power shift from West to East, one we believe the West (the U.S.) is going to fight tooth and nail.

INFLATION: Gold is also a defense against inflation. Trump's attempts to protect the hegemony of the U.S. economy will ensure that its Federal Reserve will keep printing money and a resulting weaker dollar. So far President Trump has been a reliable agent of dollar devaluation; from immigration, tariffs, and his administration's uncertainty and volatility, is undermining business and consumer confidence. At a time when voters see the economy as a top concern, Trump's desire to curtail trade and investment with the rest of the world and dismantle the ecosystem that governs such flows erodes the dollar's underpinnings, pushing long-term bond yields up. All this is good for gold (higher

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Month In Review

TO OUR CLIENTS: Your portfolios have performed exceedingly well so far this year. This was despite major military disruptions and economic shifts. These structural changes are leading to new secular trends in world order. All this appears to be better recognized by the mainstream and has begun to show up in different market sectors.

Tax Free Savings Account (TFSA)
2025 TFSA Contribution:
\$7,000
Cumulative Contribution
2009 - 2025:
\$102,000

The results of this, in essence, are moves by a growing number of countries away from using the U.S. dollar as the world's reserve currency. For example, the BRICS are developing their own currency.

We've based a portion of our investment thesis, for a number of years, on the expectation that the

U.S. would have to either inflate or die. Share their wealth with the rest of the world, or not...go to war. With the erratic actions of the present U.S. administration, both militarily and economic, it seems clearer that they have chosen the path of resisting change. We could even see military action away from, and in addition to, the Middle East and Ukraine.

That being said, with regards to your portfolios, we remain optimistic for the year. This is despite the above concerns and the eventual scope of U.S. tariffs and the possibility of an economic downturn.

DEBT AND THE ECONOMY: U.S. debt has "only" gone up since Nixon took the U.S. off the gold standard. The accelerating debt is part of the response of Western Central Banks to keep their economies going after refusing to cut expenses that are not productive.

Freezing the FX reserves of Russia in 2022 only accelerated the distrust

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CLOSING STOCK MARKET AVERAGES AS AT MONTH END

	06/30/2025	05/31/2024	Change (1 Month)	Change (Dec 31/24)
Dow Jones Industrial Average (DJ)(DJ)	44,094.77	42,270.07	4.32%	3.64%
Standard & Poor's 500	6,204.95	5,911.69	4.96%	5.50%
NASDAQ	20,369.73	19,113.77	6.57%	5.48%
Toronto Stock Exchange	26,857.10	26,175.10	2.61%	8.61%
London (FT100)	8,761.00	8,772.40	-0.13%	7.19%
U.S. \$/CDN \$	0.7309¢	0.7243¢	0.91%	4.89%
Euro/CDN \$	0.6233¢	0.6367¢	-2.10%	-6.94%
Gas	\$3.46	\$3.45	0.26%	-4.87%
Oil (West Texas Inter)	\$65.11	\$60.79	7.11%	-9.22%
Gold	\$3,294.40	\$3,288.90	0.17%	25.30%

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inflation), but bad for the dollar (higher inflation).

FIAT CURRENCIES: Fiat currencies are just paper promises to pay. They used to be backed by the only real currency, gold, but that is no longer the case. Governments are not constrained by how much “money” they can print to cover their costs. And, their costs are rising exponentially. Between covering domestic obligations, without new taxes (they are being lowered in the U.S.), to massive increases in military spending, borrowing needs are skyrocketing. The only way to cover the rising deficits and debts is to print money. The more they print, the less they are worth.

INTEREST RATES: It has finally come to the attention of bond buyers that fiat currencies are losing their values and those buyers, the ones with real assets, are asking for higher interest rates to compensate them for the loss of purchasing power.

Fiscal disorder across the world is the focus of bond duration (length of maturities) for buyers and they want no part of it. The U.S. 30 yr yield is at 4.96-.97% and we of course are watching that psychologically important 5% level again.

Japan is having particular problems. Go back to 2008 was the last time the 10 yr JGB yield was this high at 1.58%.

OIL AND GAS: The best cure for low oil prices is low oil prices. When it comes to oil supplies for meeting the worlds’ energy demands, anything can go wrong and it is best to be prepared. We don’t think that the world is even close.

We believe that oil prices are cheap and going higher. It’s becoming clear that the market is tight even with continued OPEC quota increases, or at least it seems like all the quota changes were just going back to where oil

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Month In Review

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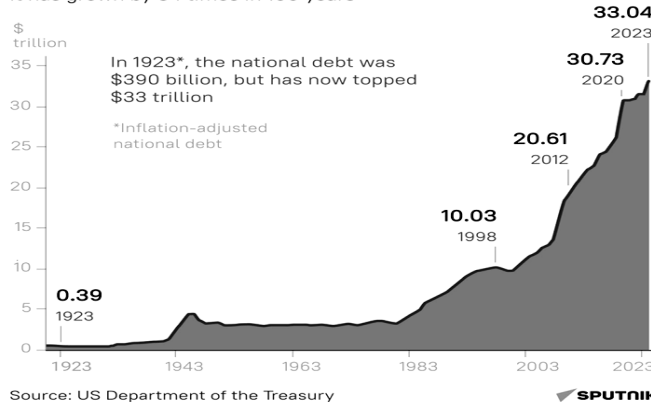
of a now weaponized (and once neutral) world reserve currency.

We are now faced with a well-telegraphed and wisely forewarned trend of de-dollarization from the BRICS+ coalition. The rest of the

and “trillions” is not merely alphabetical, it’s incomprehensible to the human mind. There are two trillion galaxies in the observable Universe and each average galaxy has about 200 to 400 billion stars.

How US national debt has grown

It has grown by 84 times in 100 years



world was shocked by the U.S. taking Russia off of the world trading system as well. In fear of being manipulated by the U.S., this explains why many central banks across the world have been quietly net-selling U.S. Treasury bills and bonds, and accumulating physical gold since 2014. The latter can be seen by a new trend of futures purchases of gold being held for delivery causing shortages of physical gold.

GOLD AND THE U.S. DOLLAR LONGER-TERM: Ever since Nixon took away the gold base from the USD, politicians have been buying temporary prosperity, debt-based “growth” and deceived voters by taking U.S. public debt levels from \$248B in 1971 to \$37T (and counting) today.

This number is staggering.

Trillions Matter.

The difference between “billions”

But let us try to understand this in another way.

1 BILLION seconds ago, for example, places us in 1997.

1 TRILLION seconds ago places us at 30,000 BC.

Let that sink in for a moment. If this

shocks or bothers you, well... you’re not alone because not even the smartest person in the world can grasp what those numbers mean.

If such signs of U.S. dollar and debt woes/distrust were not obvious enough, as mentioned, the COMEX and LBMA metals exchanges out of New York and London respectively are having difficulties holding on to enough inventories to keep up their futures trading operations functioning.

Why you may ask? Because they were trying to find enough physical gold to meet delivery demands to get the bullion off of these exchanges, which, since 1974, were once just derivative schemes used to trade/manipulate rather than deliver physical gold.

But the hidden facts (and implications) were far simpler. Counterparties to these legalized price-fixing

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production already stood 6 months ago. Also, the U.S. oil rig count fell for an 11th straight week, down by 1 rig on the week and by a net 51 for the 11 week time frame to 424, the least since September 2021.

Recently, Exxon is borrowing up to 1 million barrels of crude from the Strategic Petroleum Reserve (SPR) due to quality issues with Mars crude, which is a Gulf of America oil grade contaminated with high levels of zinc, which can damage refinery equipment. Established in 1975 in the aftermath of the OPEC oil embargo, the Strategic Petroleum Reserve was originally intended to hold at least 750 million barrels of crude oil as an insurance policy against future supply cut-offs. Design capacity is actually 714 million barrels. US Crude Oil in the Strategic Petroleum Reserve Stocks is at a current level of about 400M, up from 373M one year ago. Global oil consumption is well over 100 million barrels each day and the U.S. alone is about 21 million per day. So, for the U.S. alone that would cover them for a "full" 20 days...not very much.

The Department of Energy (DOE's) SPR loan to Exxon is aimed at preventing outages at the Baton Rouge refinery, one of the largest in the U.S. and a key part of the nation's fuel infrastructure. Any throttling of supplies, or even a shutdown, would trigger immediate disruptions in gasoline, diesel, and jet fuel supply, with the Southeast and Mid-Atlantic regions hit hardest. A new report reveals that the Trump administration has signaled plans to refill the SPR drained under the Biden-Harris regime, at the same time as ExxonMobil has begun drawing from the SPR due to contaminated crude supplies from offshore rigs in the Gulf of America to avoid refinery outages.

According to sources, Exxon has been forced to reduce production at its Baton Rouge refinery and attempt to resell Mars crude cargoes in the spot market.

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operations are now asking for their actual gold more than swapping their paper contracts.

Again...Why? Because they saw physical gold's growing, inevitable and superior role in a future monetary system moving away from the debt financed U.S. dollar and its growing U.S. Treasury bills and bonds.

LOOKING FORWARD: Increasing power consumption demands, mostly from AI data centers, are making grids more volatile, a senior executive from Hitachi Energy has warned.

Andreas Schierenbeck told the Financial Times in an interview: *"AI data centres are very, very different from these office data centres because they really spike up". "If you start your AI algorithm to learn and give them data to digest, they're peaking in seconds and going up to 10 times what they have normally used."*

Schierenbeck went on to say that *"No user from an industry point of view would be allowed to have this kind of behaviour - if you want to start a smelter, you have to call the utility ahead."* suggesting that governments implement the same requirements for data center operators.

The artificial intelligence race has sparked a lot of concern about electricity supply security because of the sheer size of AI data center energy consumption. While a decade ago, data centers in the United States consumed 50 TWh of electricity, they now consume upwards of 140 TWh, or 3.5% of the country's total electricity consumption. The International Energy Agency

forecast that electricity consumption by data centers is set to increase twofold, to 945 TWh, by 2030. The amount is equal to the entire consumption of Japan, the FT noted.

Renewable energy cannot come close to meeting these growing energy demands, and oil and gas seems destined to remain the only power source to keep the world economy turning. As such, as a core holding, we continue to invest in a number of high dividends paying oil and gas equities with the added potential for growth.

**First Home Savings Account
FHSA**

- 1) Annual contributions to an FHSA up to \$8,000, with a lifetime max. contribution of \$40,000.
- 2) Contributions can be claimed as a deduction against taxable income. Investments grow in the account without being subject to tax.
- 3) Income and withdrawals aren't taxable, if they are used for a home purchase. No repayment is required on withdrawals.
- 4) Withdrawals not made to purchase a qualifying home are taxable income. HOWEVER, if the clients decide to use the funds for something else, they can transfer the money to an RRSP or RRIF without affecting their contribution room.

By taking advantage of both the FHSA and the Home Buyers Plan (which allows to withdraw up to \$60,000 from an RRSP tax-free) the Client could save up to \$100,000 to use toward a first home, plus any growth in the FHSA.

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PRECIOUS METALS: Gold is money — everything else is credit!!!

Although not at war, the U.S. is running World War 2 debt-to-GDP ratios at the 120% level. At these levels, a potential debt trap is becoming increasingly more obvious with each passing day and headline.

How can the U.S. in particular, and the rest of the western world, save itself?

With the US dollar's reserve status as a safe haven for global capital under threat, gold is in the midst of a historic rally, doubling in a few years because gold is an alternative to the dollar and other paper currencies. We believe gold has also become a growing part of many nations' national security strategy. Central banks for example have been buying gold at a record pace. They have acquired 1,000 tonnes every year for the third year in a row to date and show no signs of slowing down.

Iran, for example, has apparently purchased 100 tonnes in the past 12 months to this past March. For them, and most other countries, gold is the only real money. As a result central bank gold reserves are at the highest since the Sixties and gold has overtaken the euro as the world's second largest reserve asset after the U.S. dollar, doubling since 2019. China is the largest producer in the world as well as the largest consumer, purchasing gold for the eighth consecutive month at 2,298 tonnes because it does not have enough gold to fulfill its needs. The Shanghai Gold Exchange has, in recent times, become the largest physical bullion trader in the world. There are also supply problems as the mining industry reached peak gold two years ago and finding new supplies has become exceedingly difficult.

There is only one way for the price of gold to go and that is up. I should explain that it is not the purchasing power of gold that is going up as much as it is the declining purchasing power of government backed fiat currencies.

POLITICAL SHORTS

Crying Wolf

On July 14th, U.S. President Donald Trump said if Putin fails to sign a peace deal with Ukraine within 50 days, he would impose "very severe" trade tariffs on Russia, as well as secondary tariffs on other countries. "We're going to be doing secondary tariffs," Trump said. "If we don't have a deal in 50 days, it's very simple, and they'll be at 100 percent."

Trump has also unveiled a new agreement to supply Ukraine with more weapons. We think that Trump is finding that the U.S. is losing its ability to project strength, regardless of the recent bombings on Iran's nuclear sights as a show of strength.

We wonder, will Trump's latest threat convince Russian President Vladimir Putin to change his stance on Ukraine? Do other countries that buy oil and other things from Russia care about his threats anymore?

Since the start of the Ukraine war, the U.S. and its western allies have imposed almost 22,000 separate sanctions on Russian individuals, media organisations and institutions, targeting sectors including the military, energy, aviation, shipbuilding and telecommunications.

While the trade relationship between U.S. and Russia might be relatively marginal, "secondary tariffs" – first threatened by Trump in March but not implemented – would affect countries such as India and China purchasing Russian oil. This, I suppose, would be in addition to the numerous other tariffs Trump is threatening on pretty much everyone.

An interesting note: In 2024, European countries spent more than \$700m on Russian uranium products, according to an analysis by the Brussels-based think tank Bruegel, which used data from the Europe-

an Union's statistical office, Eurostat. And we have been led to believe that Europe wasn't dealing with Russia at all, for anything!

Apparently, Dmitry Medvedev, former Russian president, and current deputy chair of Russia's Security Council, wrote in an X post on July 15th that Russia did not care about what he described as another of Trump's "theatrical ultimatums." We wonder, have other countries, also threatened with U.S. tariffs, come to the same conclusion?

Trump's own MAGA (Make America Great Again) base has also been critical of U.S. funding for Ukraine. Conservative social media duo Keith and Kevin Hodge wrote: "Who in the hell is telling Trump that we need to send more weapons to Ukraine?" So not only are most beginning to question if Trump has cried wolf one too many times, they may also be wondering if he is beginning to lose national support to make further deals. How can any country, or individual negotiating with him expect to trust anything he promises?

For investing purposes, the theme that we always go back to, is that the U.S. wants to lower the value of their dollar...but to maintain it as the world's reserve currency.

We believe that the U.S. dollar will fall in value. However, we don't believe that the U.S. will, indefinitely, be able to use its military and economic might to coerce the "whole" world into accepting both a lower dollar and to keep it as the only reserve currency. Trump has cried wolf too many times over his many tariff threats, to keep what he wants (a lower dollar but still the reserve currency) moving forward.

RealGrowth Investment Counsel

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For Wealthy Clients

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