A PERSONALIZED, INDEPENDENT, PRO-ACTIVE WEALTH MANAGEMENT FIRM

RealGrowth Investment Counsel

SINCE 1981 FEBRUARY 2025

Our Current Stance

Equities: Continued inflation, uncertainty in equity markets, slow economic growth in China and Europe, weaker fiat currencies in general and tensions in global trade will keep the general markets on edge and flows of fiat money into gold bullion as investors seek safety.

At this time, many technology equities are richly valued, the U.S. dollar is on the precipice to still being used as the worlds reserve currency (the East hasn't decided yet), and geopolitical risk has been mostly expressed through trade and economic uncertainty. The consequences for the once growing world population's middle classes could become untenable.

With an eye on what might be affecting the general markets, the U.S. Federal Reserve (they have a major impact on world-wide interest rates which affect the world economy) is watching the impact of higher tariffs, more restrictive immigration policies, tax cut plans, cutting government programs and spending.

Most importantly they have to be watching how non-western areas of the world, like the BRICS countries, might view their continued involvement in using the U.S. dollar.

Inflation: Potential trade wars are not good for economic health. They are bullying tactics to force all nations to tow-the-line on using the U.S. swift trading system and maintaining the U.S. dollar as the world's reserve currency.

The U.S. Federal Reserve wants to maintain interest rates to continue to fight inflation. The problem they face is their dual mandate. They also don't want the U.S. to fall into a recession. They seem to be caught between a rock and a hard place. What it looks like to us is that the ultimate

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Month In Review

TO OUR CLIENTS: Your portfolios have continued to grow during the beginning of the New Year, primarily due to your positions in precious metals, industrials, and energy. We remain optimistic for the year, despite concerns about the eventual scope of U.S. tariffs and the resulting effect on inflation and global economic growth. Given this uncertainty regarding an increasingly volatile global landscape, we will continue to maintain our asset allocation with a focus on targeted diversification and a long-term, disciplined approach that we believe will protect your portfolios and help with growth.

POLITICS, DEBT AND THE ECONOMY: For years, we have been warning of gold's critical role as a buffer against increasingly obvious fiat currency risk, banking, geopolitical and market risk.

We have also been concerned about the potential precious metal price fixing in the COMEX (the Commodity Exchange which is the primary futures and options market for trading metals such as gold, silver, copper, and aluminum), to hide the depreciation in the U.S. dollar. The hidden risk of holding physical gold in a commercial bank, and the now irreversible de-dollarization trend away from an indebted U.S. Government and highly unpopular weaponized U.S. reserve currency, makes holding physical gold all the more critical.

These risks and forces are rising so much so that the case for holding gold, as protection of real capital, has become almost too obvious for even the most ardent disbelievers.

Since the November Trump Victory, over 400 Metric tons of physical gold have left London for the NY COMEX warehouses. This has resulted in a 75% increase of the COMEX gold stockpile (29.8M ounces, or 926 tons).

Why the big move, and why would that matter? For one, the post-Basel III banks were going to need more allocated/physical gold to comply with Basel Regulations. It has to do with how many times the banks can leverage or borrow and subsequently lend over their capital and what is deemed as capital.

For decades, the COMEX could play a short game because gold on the COMEX stayed on the COMEX, as nearly every futures contract was simply rolled over (an institutionally accepted game of extend and pretend), rather than "standing for physical delivery."

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CLOSING STOCK MARKET AVERAGES AS AT MONTH END

	01/31/2025	12/31/2024	Change (1 Month)	Change (Dec 31/24)
Dow Jones Industrial Average (DJ)	44,544.66	42,544.22	4.70%	4.70%
Standard & Poor's 500	6,040.53	5,881.63	2.70%	2.70%
NASDAQ	19,627.44	19,301.79	1.69%	1.69%
Toronto Stock Exchange	25,533.10	24,727.90	3.26%	3.26%
London (FT100)	8,674.00	8,173.00	6.13%	6.13%
CDN $/U.S. $	0.6900¢	0.6969¢	-0.99%	-0.99%
CDN$/Euro	0.6697¢	0.6697¢	-0.91%	-0.91%
Gas	$3.04	$3.63	-16.21%	-16.21%
Oil (West Texas Inter)	$72.53	$71.72	1.13%	1.13%
Gold	$2,812.50	$2,629.20	6.97%	6.97%

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decision will be to save the economy by lowering (certainly not raising) rates and accepting higher for longer inflation. In a recession there is just too much debt to handle because the value of money (debt) becomes more valuable, or harder to pay back. At the same time, during a recession, tax revenues decline, which would add to the deficits and debts and ability to fund them. If the Federal Reserve responds by printing more money, inflation will rise again. They would want that because nominal (not real) growth could improve, the value of money would decline and those stubborn debts would have a chance to be paid off. That is, unless the government responds by deficit spending even more.

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.***

Fiat Currencies: The devaluing of the U.S. dollar is inevitable. The world is in a position where there are too many debts and deficits. Elon Musk can try as hard as he wants to cut government costs, but the few hundreds of millions that he may be

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In short, the physical gold (collateral for the long term-shorts) never left the building but just stuck around for the omnipresent 8:30 AM price fix, and the banks could keep renting it out.

THE GAME HAS CHANGED. Players on the COMEX are no longer rolling over their contracts but asking for PHYSICAL DELIVERY of the gold. But why are traders, nation-states and central banks suddenly seeking physical gold delivery?

We saw De Gaulle do it in 1971. We saw the Germans do it in 2016. India and China (the BRICS) have been doing it under the radar as well.

The COMEX seems to be concerned about whether it has enough physical gold on tap to continue covering the leveraged long term shorts on the precious metal.

That all depends on how much of this new stockpile will be a stockpile, rather than a revolving door for delivery to counterparties who now want their gold in real, rather than paper, form within their own control rather than sitting (part lent out) in a COMEX warehouse.

Gold and the U.S. dollar Longer-Term: Ultimately, global gold demand is rising, and gold supply (in the banks, COMEX, etc.) is tightening—all of which is an extremely good indicator that gold will continue to reach new high levels.

All of these moving parts, flows, and figures boil down to a simple bottom line that no one in the halls of any government, bank or financial institutions wants to say out loud: There seems to be no way out of this historical "debt trap."

THE GLOBAL FINANCIAL SYSTEM IS BROKEN: The debt-laden U.S. (at 125% debt to GDP), like so many other nations, is mathematically too broke to grow. In a world racing toward $400T in global debt (which is 2/3 higher than global GDP), there is less interest (and greater distrust) for sovereign debt instruments and debased fiat money, and all within a fractured banking and financial system.

The U.S. is, we believe, caught in this debt trap and only has 4 bad options to select from: 1) Default on debt. **2)** Discover a productivity miracle. **3)** War. **4)** Inflate or die.

Option-1 won't happen with a money printer in the corner. **Option-2** can't happen once debt to GDP crosses 100%, and **Option-3** is inconceivable. **Option-4**, we believe, is now just a matter of time. The U.S. isn't going down without a fight, as can be seen by Trump's frantic calls for Tariffs. We suspect he will be going for an all or nothing gambit.

The Fed, like the Treasury Department, knows perfectly well that at some point, the currency will have to be further sacrificed/debased (inflation) to monetize its increasingly unloved, weaponized and distrusted U.S. bond market.

As we've shown historically, this is what governments have ALWAYS done, once their back is against an unsustainable wall of debt. This is why gold was, and will ALWAYS be, the go-to asset in a financial crisis.

This means get ready for QE (much more money printing), a global "reset" that could include a gold-revaluation higher—any and all of which seem possible at this point.

As such, demand for physical gold, as evidenced by the BRICS+ maneuvers and now clearly demonstrated by the COMEX inflows and outflows above, is equally global in nature and unprecedented.

An increasingly fractured world, in short, would rather save in gold and spend in fiat because gold holds its value far better than paper money or less favored IOUs.

IGNORING THE OBVIOUS: Although this should be obvious to literally everyone, it seems almost no one understands gold (it accounts for less than 0.5% of global financial allocations).

But as we have warned, the broken, centralized U.S. that controls your money (and increasingly the media) doesn't want you to understand this, as rising

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able to find is a pittance compared to the historically massive U.S. debts (over 36 trillion) and annual ongoing deficits. Most other countries are in similar boats.

The old adage is “INFLATE OR DIE.” That means either lower the value of your currency or the economy will fall into a recession. All the while, debts are at all time high levels.

Interest Rates: With inflation unwilling to go down, the job of any country would be to tighten the money supply and that would result in higher interest rates on the short end of the curve and potentially lower interest rates for longer dated interest rates that would affect mortgages.

However, if inflation remains high and the economy falls into a recession, they won’t be able to tighten and interest rates would rise to compensate the lenders for a loss of purchasing power. Longer dated interest rates/yields could rise as well.

Oil and Gas: Governments can talk around the clock about what they want oil prices to do, but charging tariffs on this or that country at the end of the day is nonsense. The world cannot run, it cannot turn and cannot live without burning fossil fuels. With financially strong, well run and high dividend paying oil stocks, any portfolio is bound to make money. If the stock price doesn’t go up, its dividend payouts will be exceptional. When the stock responds with higher than expected profits, its stock will rise and the dividend may be increased further. They are a core portion of our portfolio and will remain so under our present Asset Allocation Model.

Precious Metals: ***GOLD IS MONEY - EVERYTHING ELSE IS CREDIT***!!! The massive move gold has made in the last year, and to date, has been one of its strongest in history.

Gold and silver are, today, the only counterweight vs the global fiat monetary system. Seen from the perspective of the powers-

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gold prices are proof of a declining national currency system and “safe” banking narrative.

When measured against a milligram of gold, all fiat money has lost greater than 99% of its purchasing power since the United States decoupled from gold in 1971. A 400-ounce bar of gold sold for $17,000 in 1971; today, the same bar sells for $1.14M.

Tax Free Savings Account (TFSA)

2025 TFSA Contribution: $7,000

Cumulative Contribution
2009 - 2025: **$102,000**

LOOKING FORWARD: Looking at the markets in a geopolitical way, we see a couple of major events taking place in 2025. They will be led by Donald Trump and the American dollar, and China. Trump needs to shrink the trade deficit by lowering the value of the U.S. dollar but can't under any circumstance lose the hegemony of the dollar. That is how they print wealth and power. The proposed tariffs he's been tweeting about are a threat, the same ones that were used by Ronald Regan in the 1980’s. In Regan’s time, it worked by forcing folks like Japan to appreciate the Yen but, at the same time, continue to use the dollar in all forms of trade. This time, however, China and others that have been threatened, have much more power than countries like Japan did. U.S. troops were and are still on their soil. This is certainly not the case for China. However, Trump is now threatening others that are weaker, like Mexico and Canada, to get what he wants. As for China, there is a zero percent chance they will buckle under his tariff threats. Rather, in response, their goal will be to boost, even further, their own currency trading system with the other growing BRIC countries' members.

A worry we have has to do with the “in god we trust” part of the U.S. dollar and the global U.S. treasury market: Allowing Elon Musk and his team access to the U.S. Treasury payment systems could lead to the denial of payments to programs and people, potentially triggering a worldwide financial crisis.

There are concerns that new code inserted by Musk's team into the Treasury's payment system could result in system damage or unrecognized security flaws that could be exploited by hackers.

It is also important to grasp that the Treasury Department stands behind the entire U.S. banking system. It is the lender of last resort in a banking crisis to the Federal Deposit Insurance Corporation which insures bank deposits nationwide, and because the Treasury Department has the full faith and credit of the United States government behind it, the department is a potent force for forestalling panic and crisis in the banking system.

When people want to hold an investment that they know will always pay interest on time in full and be redeemed at its full value at maturity AND that others will want to buy when they are ready to sell, they almost always turn to U. S. Treasuries. Much of the world's financial system is premised on the belief that U.S. Treasuries will continue to fit this description. Were this belief to be shattered, the consequences for the world economy would be grave.

WHAT DOES ALL THIS MEAN:? We think this plays into the hands of the asset allocation model that we have set up presently. To move away from that would be to potentially fall behind a pervasive devaluation of currency, i.e. inflation. We believe that it is important to remain focused on maintaining the "real" value of the portfolio by holding our core positions and to maintain positive cash flows by continuing to attract more tax efficient dividend income.

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that-be, one would expect them to manipulate the price of metals lower, which they have been doing on and off for decades. With this backdrop, with gold and silver rising despite what they are exposing, it should be a clear signal to the world that something is very wrong with the monetary system.

Still though, with the present global fiat monetary system struggling to maintain its real purchasing value, it should be obvious not to expect this precious metals bull to be easy. We expect it to be hard because a Bull will do everything it can to throw off the riders.

That is why we are maintaining our position in precious metals. We intend to take advantage of what we believe will be a very strong "Bull Run" over a number of years.

POLITICAL SHORTS

What to Watch ....

What to watch for in 2025 – Trump, the U.S. dollar, and the BRICS. ***Bottom line***: Donald Trump wants to:**1)** Boost exports. **2)** Bring American jobs back to the United States. **3)** Reduce/shrink the American trade deficit. **4**) Bring Russia back in the fold, away from the growing power of the BRICS. **5)** Make better deals with BRICS members, like India, to divide and conquer the BRICS so they have less need to move away from the U.S. dollar.

What Donald Trump needs to happen to accomplish the above: 1) The U.S. needs a lower value for the American dollar. **2)** At the same time, ironically, he needs to maintain a strong dollar. **3)** The caveat is the U.S. cannot risk losing the exorbitant privilege of the U.S. dollar as the world's reserve currency. Given that need, the hegemony and dominance of the dollar, the Americans must continue to be able to print wealth and power.

The big question is this. Is it possible for the Trump administration to possibly have both?

The first thing that happens by imposing tariffs is that money will flow into the dollar, making it relatively stronger against other fiat currencies. During times of global uncertainty or crisis, especially emanating from the U.S., there is a paradox that foreign money flows into the U.S. for security. That would be his first problem, a higher value of the U.S. dollar. Even if imports shrink from the tariffs, the flow of money into the U.S. will boost the value of the dollar.

The second problem, if he succeeds in lowering taxes for the large corporations and the very rich, is it will attract foreign capital into the U.S., which will once again boost the value of the U.S. dollar. This will enhance investment more than savings.

The third problem is the special value of the U.S. dollar. If he is serious, he would want to get rid of the privilege of the world currency status of the U.S. dollar. The irony is that he will never allow that to happen because without that licence to print wealth and power, the states wouldn't be able to raise money to fund their historically high debts and deficits.

Some argue that maybe what he is trying to do, with the tariff threats, is to force the Europeans and the BRICS to accept a depreciated value of the U.S. dollar, in order to see its exports rise and imports diminish, all the while maintaining an acceptance of the U.S. as the world's reserve currency.

This would be along the lines of what Ronald Regan did during the "Plaza accords" in the 1980's. He did this deal with Japan, which turned out to be very bad for Japan as they have been in a recession ever since. Japan didn't, however, have a chance to say no. With U.S. military bases across Japan, and their depending so much on the U.S. with little economic value elsewhere, they had no choice.

That is not the case with China, et al, in today's world. The BRICS haven't made a decision as yet, on whether or not to completely move away from using the U.S. dollar. We think that they are strong enough now, however, to counter a lower U.S. dollar with a lower value of the renminbi (RMB). The Chinese, et al, will weather the tariffs by implementing their own and use this as their first opportunity to explore how it will work out for their economy and trade.

Trump is certainly on a mission to draw savings away from the rest of the world to pay down the U.S. debts and deficits, but the success of that strategy is tenuous at best because this could also be a good opportunity for the rest of the world to do the opposite by helping to adjust the power away from the U.S.. Making a deal with Russia by giving them all that they want is not, in our opinion, a sign of strength. Rather, it may very well be a sign of weakness, by being incapable of (having the stomach for) defending "democracy."

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