A PERSONALIZED, INDEPENDENT, PRO-ACTIVE WEALTH MANAGEMENT FIRM

RealGrowth Investment Counsel

SINCE 1981 JUNE 2026

Our Current Stance

EQUITIES: The big picture here is that America is losing control of their debt and their international hegemony. How that plays out over the next decade is anybody's guess. We have found that the best way to make money in the long-run is to remain focused on your core strategy because equity markets by definition are volatile in the short-run, but the free hand of the economy will always expose the truth. When analysts tell you what is going to happen in the short-run, they are spitting in the wind because they have no idea. All of the information they have is minuscule relative to the information that the equity markets absorb every second and all that information is only looking ahead about 3 months.

INFLATION: Every time Trump declares that the war with Iran is over, the moment that peace seems possible, the media is going to declare the inflation crisis in America has been solved. Markets will likely celebrate, stocks with gains and oil prices will fall. However, history gives us an alternative scenario. Within three months of a resolution, the markets and the media will be upset that the expectations amounted to nothing. It is likely that oil prices will fall on a peace deal but that will be the end of the correction and euphoria. Iran didn't just close the Strait of Hormuz. Iran struck Qatar's massive LNG terminals, a vitally important Saudi Arabian refining complex and crucial oil storage facilities at the Port of Fujairah in the United Arab Emirates (UAE) export hub. These were three of the world's most important energy infrastructure junctions. The repair bills will be in the many billions of dollars, and which most importantly could take upwards of 5 years to rebuild. For example, the gas turbines required to rebuild LNG facilities are made by only 3 manufacturers in the world. And, those manufacturers had backlogs, before

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Month In Review

TO OUR CLIENTS: Your portfolios have remained strong during the first 5 months of 2026. This is after a remarkably strong year in 2025. Performance numbers have, to date, continued to be impressive and we believe this trend should hold up for the balance of 2026. This is primarily due to continued strength in precious metals, utilities, agricultural/manufacturing and energy.

Tax Free Savings Account (TFSA)

2026 TFSA Contribution: $7,000

Cumulative Contribution 2009 - 2026:

$109,000

Strategic theme moving forward: In emerging AI non-holistic-type thinking world, we believe thinking and creating a plan for the long-term is the only way to profit! Counterfactual and original thinking is heading in a direction that is different than the herds. With the advent of AI directed mutual funds, funds of mutual funds, ETF's and ETF's of ETF and ETF's of mutual funds and funds of mutual funds and so on, the crowd seems to be gathered in one very large room that only has one small door. We refuse to be crammed into that room and have, so far, done extremely well for staying out.

DEBT AND THE ECONOMY: We've been warning about this moment for some time now and it seems like that time has arrived. The U.S. just sold 25 billion of their 30-year debt and had to pay an interest rate of 5.046% for the first time since 2007. Demand was weak. And investors don't seem to be rushing to lend Washington their hard-earned money without compensation for a declining "real" value of the U.S. dollar. This could be the start of the "finding out" stage after over spending by the West for decades. Here's where this could go. When lenders lose interest in a country's debt, in this case America, interest rates will have to rise to attract them. Higher interest rates mean higher borrowing costs and that means Washington has to borrow even more money just to fund their higher interest payments. More borrowing means more supply hitting the markets, means higher borrowing costs... and round and round it goes. This is the reason we have been investing in gold equities and in companies that can hold their profit margins

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CLOSING STOCK MARKET AVERAGES AS AT MONTH END

	05/31/2026	04/30/2028	Change (1 Month)	Change (Dec 31/25)
Dow Jones Industrial Average (DJ)(DJ)	51,032.46	49,652.14	2.78%	6.18%
Standard & Poor's 500	7,580.06	7,209.01	5.15%	10.73%
NASDAQ	26,972.62	24,892.31	8.36%	16.05%
Toronto Stock Exchange	34,769.10	33,964.30	2.37%	9.64%
London (FT100)	10,434.00	10,256.32	1.73%	4.96%
U.S. $/CDN $	0.7255	0.7315	-0.81%	-0.64%
Euro/CDN $	0.6227	0.6261	-0.54%	0.16%
Gas	3.29	2.73	20.65%	-10.60%
Oil (West Texas Inter)	87.36	105.07	-16.86%	52.14%
Gold	4,560.50	4,614.70	-1.17%	4.36%

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this, of two to four years. The peace deal will not be able to fix the supply chain issues measured in years and tight supplies of products and manufacturing capabilities.

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.***

In addition, countries around the world drained their reserves to meet demand while the strait was closed (it still is). Those barrels will have to be replaced, another structural conundrum. In summary, oil prices will probably stabilize, at levels much higher than before the war started and that will leave inflation firmly entrenched across the world.

FIAT CURRENCIES: U.S. treasury bonds just got de-throned as the most widely held asset amount Central Banks, and recently

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by increasing prices. When does western financial recklessness stop being theoretical and suddenly become a reality? Many years of borrowing and spending above their means, and pretending it didn't matter, was hubris.

This is the test, this is the finding out if things get better or worse stage, before things get potentially worse over the next decade.

How to mitigate worldwide fiat currency destruction: What is the Thucydides Trap and why did Xi Jinping mention it in his meeting with Donald Trump? China's leader raised the ancient Greek historian Thucydides when he met the U.S. president in Beijing.

A disordered war in the Middle East. Growing tensions in Taiwan. When the leaders of the world's two superpowers met in Beijing in May, these were the crossroads everyone expected they would talk about. No, instead, Chinese leader Xi Jinping threw another, ancient war, into the mix. In his opening remarks, Xi made reference to the Peloponnesian Wars in ancient Greece, a decades long conflict that erupted between Athens and Sparta in 431 BCE. Will China and the United States be able to transcend the so-called 'Thucydides Trap' and forge a new paradigm for major-power relations?

What is the Thucydides Trap?

The Thucydides Trap is the philosophical idea that when a rising power threatens to displace an established one, the result is often war.

Xi has used the term for years, but deploying the classical reference during Trump's visit may have been a foreshadowing of China's position on Taiwan in particular. In fact, Xi later warned Trump that any missteps with regards to Taiwan could push their two countries into "conflict".

"If mishandled, the two nations could collide or even come into conflict, pushing the entire China-US relationship into a highly perilous situation," he added. "Achieving the great rejuvenation of the Chinese nation and making America great again can totally go hand in hand ... and advance the well-being of the whole world".

Taiwan, of course, is not the only flash point between two competitors. Given the recent meeting between U.S. President Donald Trump and Xi Jinping, the Office of Foreign Assets Control (OFAC) made it clear that the Treasury is also prepared to impose secondary sanctions on foreign financial institutions that facilitate Iran's activities. This includes those connected to China's independent oil refineries. Another result of the U.S. and its allies targeting this chain of moving oil against the wishes of the U.S., is to keep the further development of Iraq's huge oil and gas deposits in the hands of Western firms rather than those of China and Russia.

We believe the political reasoning for this is that Washington wants to keep limiting the foreign energy sources that Beijing can draw on to keep fueling its economic growth. By keeping the West out of energy deals in Iraq, Russia and China are pushing for the end of Western hegemony in the Middle East. This could become the decisive chapter in the West's final demise as part of a long-term push ending the petrodollar system established in 1970. Middle Eastern oil is no longer exclusively sold in U.S. dollars in exchange for U.S. military protection and economic cooperation. Beijing used its freer hand in the Middle East after 2018 to dramatically expand its hold on multiple key oil and gas sites across the region, including Iraq. As it stands, more than a third of all Iraq's proven oil and gas reserves and over two-thirds of its current production are managed by Chinese companies, according to industry figures. The U.S.'s world-wide power is based on the U.S. dollar being the world's global reserve currency. It is the Achilles heel of its ability to forever fund it debt and deficits and financial and military dominance. If the petrodollar is really at its end, war may be the only way out.

Potential AI Benefits to "other" equities: After nearly three years of unmitigated money being invested into anything tied to artificial intelligence,

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the European Central Bank reported that gold represents about 27% of global reserves. U.S. treasury bills have fallen to just 22%. Yes, the U.S. dollar still dominates global reserves at about 47%. But U.S. bonds held for safety around the world for international wealth preservation has been usurped by a metal that pays no interest and has been touted by main street economists as a relic for years. When the world chooses gold over government bonds, that's not a portfolio adjustment. That is an indictment of America's fiscal situation, its policies and the dysfunctional government. So how did we get there? In February 2022, Russia invaded Ukraine and the U.S. and its allies froze $300 billion dollars in Russian dollar reserves. America locked up their reserves held in dollars completely. The U.S. dollar system, called the Swift System, was weaponized overnight. Put yourself in the position of any country looking at what was once a place of total safety. You're looking at your holdings of American bonds (China, India, Saudi Arabia, and much of South America and Africa), and asking yourselves the following. And they all arrived at the same answer! We need an asset that nobody can freeze with an executive order that can take assets, put them in a data base, and then turn off. Gold does not have a swift code. No government can sanction a gold bar, so central bankers around the world started fleeing U.S. Treasuries and buying gold bullion. Many thousands of tonnes have been purchased for years since and Geopolitical tensions continue to drive strong central bank demand for gold. The trigger wasn't U.S. financial weakness, but the moment the U.S. showed the world that the U.S. dollar was not a neutral non-political, guaranteed promissory note but a political weapon. Once the world realized that weapon could be pointed at them the Achilles Heel of the U.S. fiat dollar was exposed. I say Achilles Heel because the U.S. has used the "Petro Dollar" as a way to print wealth and power since WWII. Without that ability, and Western debts, interest rates will have to rise to attract capital which in turn would slow the economy. Lower demand for U.S. dollars and other Western fiat currencies would erode their values and that would make everything more expensive.

INTEREST RATES: Interest rates may rise and they may also fall at the same time. How can that happen you may ask. If, as we believe, inflation is being caused by a slow deterioration in fiat currencies, then in a free-market, interest rates would have to rise to attract lenders to compensate them for the declining real (adjusted for inflation) value of the dollar. However, with U.S. debts alone at around 40 trillion dollars, the cost of paying interest on that debt could become so onerous that the economy would fall into a recession or even a depression. Not a good combination for incumbent political powers. So, what can they do? They will no doubt have to print more money to buy their own currencies to keep interest rates down. This is where interest rates can go up and down at the same time. Governments can't control long-term interest rates but they can manipulate short-term interest rates. What you would see is short-rates staying low and long-rates rising at the same time. The interest rate curve would steepen.

OIL AND GAS: The best cure for low oil supplies is higher oil prices.

High oil prices are going to be a tough nut-to-crack for fiat currencies around the world. The Japanese Yen will be pressured against other currencies, in particular, as their economy depends on oil imports. They hold around 1 trillion dollars in U.S. treasuries and will have to sell to protect the value of their currency, to be able to pay for the oil stocks they will have to buy to survive and rebuild their strategic reserves. When Japan starts

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many U.S. investors are redirecting capital toward companies viewed as less vulnerable to technological disruption. Industries such as oil producers, equipment manufacturers and mining companies are but a few.

Some market participants have dubbed the trend the AI immunity trade," or "HALO," shorthand for "heavy assets, low obsolescence. The idea is that businesses rooted in physical infrastructure and tangible goods may be harder to displace with software or automation. Recent beneficiaries include companies such as TransCanada Pipelines, Suncor and farm-equipment maker Deere. Meanwhile, interestingly, industries perceived to be more exposed to AI-driven upheaval, from asset managers to certain software providers, have lagged.

So far this year, traditionally defensive or asset-heavy industries in the S&P 500--industrials, materials, utilities and consumer staples -- have outperformed the broader index.

Technology shares have been mixed, and the so-called Magnificent Seven – Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla cooled after a long time of leadership. Through the first quarter, consumer staples posted their strongest start to a year on record.

Although the S&P 500 remains modestly positive for 2026, the headline numbers don't show the sharp rotations happening more broadly. While traders have moved out of sectors they fear could be automated or displaced, they've moved into those that are able to enhance their businesses by either replacing an expensive workforce and/or better utilizing equipment such as with mining companies.

An example of a sector being automated happened early in the new year. AI firm Anthropic unveiled tools designed to streamline legal and research tasks. The announcement triggered a selloff that wiped out roughly $300 billion in combined market value across software companies, financial-data firms and exchange operators. Similar concerns weighed on financial and insurance companies.

While we aren't focusing on those firms being replaced by AI, we are steadfast in our belief in those companies that can utilize AI to enhance their profit margins. Although both need medical care, robots can work safely in the most complex mines, more efficiently, and for 24 hours a day.

Our Current Stance

dumping U.S. treasuries, prices will fall and interest rates will rise. That cannot be manipulated. All commodity prices will rise, mortgage rates, car loans, and business borrowing costs will rise, and all due to the higher oil prices and higher interest rates. Inflation stays high and probably puts downward pressure on the economy. There would be lower demand, but only so much. Everything in the world uses oil to work. Electric cars, fertilizer, clothes, bombs, travel, data centres and the list is never ending. The world just won't turn without being able to frac, crack or burn oil.

Precious Metals: Gold is money — everything else is credit!!!

Gold bullion has one job, to hold its real value, when all institutions that everyone trusts to fix things, cannot.

With gold and silver having fallen by greater than 20% from their January highs of 2026, some have argued the gold trade is over.

On the contrary, we believe that the historic rise to date is only just beginning.

We are persevering longer-term investors, closely watching history unfold (debt cycles and currency debasement happen in real time), with a patient detachment and a steady eye toward wealth preservation. The fundamentals of history, economics and hence historically common currency debasement confirm a clear pattern by desperately broke(n) nations to inflate their way out of debt at the expense of their currencies. In times of inevitable price retracements in the metals, this makes the longer, downward-fiat direction for gold and silver almost too obvious.

Historical cycles and longer-term calm, however, are easily forgotten or ignored in times of crisis. Investors somehow think "this time is different," or, even worse, they don't think about history at all. That is to say that all fiat currencies throughout all of history have declined to a real value of zero due to economic mismanagement dealt with by debasing their currency. The only answer for central banks and investors alike is to put at least a portion of their capital in gold.

POLITICAL SHORTS

Who's in Power?

The Chinese President Xi Jinping and North Korean President Kim Jong-un met in the beginning of June in the capital Pyongyang. This was note worthy as it was the Chinese President's first visit to North Korea in seven years. During the summit between Xi and Kim Jong Un, China expressed their willingness to expand co-operation in a wide range of areas including trade, agriculture, construction and technology. Kim said the two countries will maintain their friendship as "the most important top-priority strategic work," according to Chinese and North Korean state media reports.

Xi and Kim visited a North Korea-China friendship tower honoring Chinese soldiers who fought alongside North Korea during the 1950-53 Korean War. They stressed the importance of carrying forward the countries' traditional friendship and spirit of resistance against the United States, Chinese state media reported.

With regards to the North Korea-Chinese renewed vows of friendship, are they preparing for an eventual clash with the United States? Was cutting off Venezuelan and then Middle Eastern oil to China part of Trump's plan to regain U.S. global hegemony?

What is going to happen with Tiawan is anyone's guess. Will the Chinese make a move on Tiawan? And, if they do, will the United States protect them? Will that cause "another war?"

Trump approved weapons sales for Taiwan, including a record $11.1bn package in December, more than any of his predecessors. But after his meeting with Xi, he told Fox News that U.S. weapons were a "good negotiating chip" for dealing with China. This was considered an unprecedented suggestion by a U.S. president because it showed that Beijing could influence a decision on providing Taiwan with arms. Trump also appeared to accept Xi's assertion that Taiwan's Lai was pushing for independence and suggested that he would be reluctant to send the US military "9,500 miles to fight a war" in the Taiwan Strait.

After Xi starts his fourth term as Communist Party general secretary in late 2027, he may focus more on his legacy — and notably the status of Taiwan, which the People's Republic has claimed since its foundation in 1949. Taiwan is likely to hold a presidential election in early 2028 and could re-elect Lai, who Beijing denounces as a "dangerous separatist". America's allies were already nervous about U.S. "magazine depth" — a reference to U.S. arms stockpiles in Asia, and those concerns have deepened in recent months because the Iran war has apparently depleted key weapon stockpiles. Is a potential end to the middle east war due to a lack of U.S. ammunition? Is it due to potentially rising oil prices that could throw the West into a recession? Is it due to the U.S. preparing for a bigger, much more important clash with China?

Time will tell, but we will have to stay vigilant and watch how the markets respond to the never ending flow of "news."

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