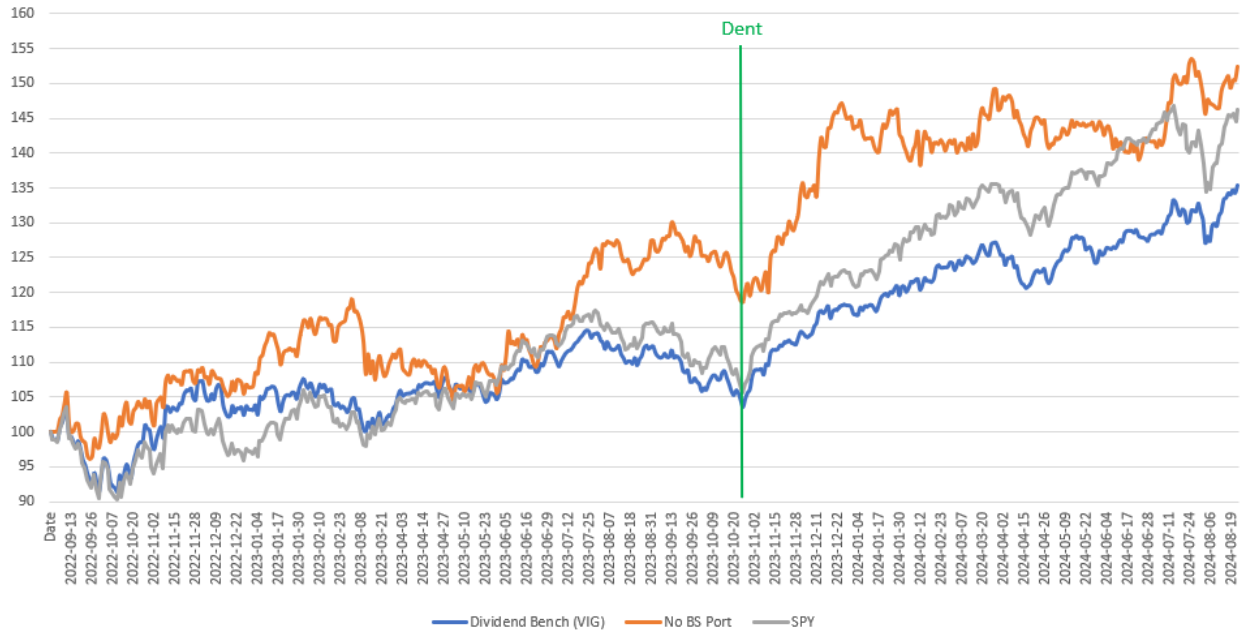


The **NO BS** Growth and Income Portfolio

By John Del Vecchio



No Trades This Week

Current Portfolio August 26, 2024

Ticker	Name	Return	Days Held	Sector
CBKM	Consumers Bancorp, Inc.	0.65%	95	Finance
CGECF	Cogeco, Inc.	-0.25%	18	Telecommunications
EFIN	Eastern Michigan Financial Corp.	2.48%	28	Finance
FMC	FMC Corp.	5.13%	18	Non-Energy Materials
FUSB	First US Bancshares, Inc.	14.42%	144	Finance
HY	Hyster-Yale, Inc.	2.53%	11	Industrials
MCEM	The Monarch Cement Co.	30.61%	347	Non-Energy Materials
RSKIA	George Risk Industries, Inc.	22.10%	109	Technology
SUN	Sunoco LP	7.07%	11	Energy
WKC	World Kinect Corp.	6.49%	18	Energy



All That Glitters

I have owned gold since 2000.

As a percentage of my account, most of my large purchases were between 2000 and 2008.

I have occasionally purchased some precious metals in recent years, but those purchases have been tiny relative to my investments in stocks, real estate, and other holdings.

However, going forward, I have a retirement account where I will buy gold (or other precious metals) at 25-35% when the asset class dips. The remainder will be allocated to my tactical ETF Model, The Simple Retirement System.

I wanted to explain my thinking.

First, I mostly avoid politics in this newsletter.

My recollection is that the last political issue I discussed was whether, if I were a voting member of the Federal Reserve, I would leave interest rates alone until after the election.

At the time, I stated that the upcoming election would be the most bitter since Adams versus Jefferson.

Since then, there's been an assassination attempt on one candidate.

The other candidate withdrew (a coup?) and was replaced by someone not on person voted for.

Regardless of what happens, the election will be even *more* contentious now.

It's stuff out of a Tom Clancy novel.

That said, I avoid talking about politics because I find politics boring and exhausting.

I'd rather have a colonoscopy unседated than get into a political debate.

For me and what I do, politics is also bad business.

No matter what you say these days, you piss half the people off.

Michael Jordan had it right when he explained why he avoided delving into politics at the height of his influence when he said, "Republicans buy shoes too."

You can get your fill of politics elsewhere, regardless of your views.

I also don't watch T.V. or the news.

Each day, I scan headlines from outlets ranging from the far left to the far right and everything in between (there's little in between these days).

This gives me a sense of the propaganda without reading the content.

That said, there is an unavoidable political angle to my thinking on precious metals.

I could be wrong.

And, my opinion is subject to change.

Changing your mind when the facts change is an asset, not a liability.

My bullish stance on metals is also not because I am a doom and gloomer on the U.S. Dollar.

Quite the opposite.

The U.S. Dollar has been a reliable safe haven...forever...

Currencies do not trade in isolation.

Currencies trade in relation to something else.

The U.S. may have problems.

So does every other country.

The doom and gloomers have been totally wrong.

The U.S. Dollar relative to a basket of currencies, as measured by the ETF UUP, is less than 10% off its 18-year high. It's still up on the year despite persistent interest rate cut odds (currencies tend to weaken when rates are cut).

The U.S. has been the nicest house in a crappy neighborhood.

Until now...

The Founding Fathers defeated the world's greatest superpower.

They knew a thing or two about tyranny and unchecked power.

The U.S. system is so great financially because people **outside** this country have confidence in it.

That's why I've always thought it was good that Russian gangsters can buy New York City real estate with no-name LLCs.

They have confidence in the system.

I don't hang out with Russian gangsters, and you likely don't either.

I care that people outside the system view the system as a "safe haven".

It has no impact on our lives other than that capital flows into the U.S. because of its perceived "safety."

We are on the edge of that change.

Several benefits of the U.S. system are the filibuster, the independent judiciary, amendments to the Constitution, and the Electoral College.

It sounds good on paper to "reform" those aspects of our system, but this is just a gaslighting way of saying get rid of the stuff that creates unchecked power, which will lead to tyranny so that someone can ram through whatever agenda they want.

Both parties are power-hungry.

Let's take the filibuster as an example.

The filibuster for judicial appointments, except for Supreme Court nominees, was removed by Democrats in 2013.

I encourage you to watch Mitch McConnell's speech on the Senate floor. In it, he stated that Democrats would rue this decision.

It's free on YouTube for anyone who cares to watch.

Democrats sure did rue that decision when he was then able to remove the filibuster for Supreme Court nominees, block one of Obama's appointments, and then Trump was able to install **three** judges to the Supreme Court!

The Law of Unintended Consequences is unkind.

Let that sink in.

The filibuster lets cooler heads prevail, slows legislation, and encourages compromise.

There's talk now, as there was a couple of years ago, of removing the filibuster.

That will end America, and precious metals could be poised for a staggering run.

For example, there's a Harris plan to exert price controls for groceries due to "price gouging" in an industry with sub-2% profit margins.

This is a stupid idea criticized by every reasonable economist. Especially Obama administration economists.

In order to get this stupid idea through, the filibuster will have to be removed.

Let's say this all comes to pass.

I can assure you that, as much as the sun rises in the East and sets in the West, the confidence of people outside the system (foreign capital flows) will be permanently tarnished.

The U.S. political system, with unchecked powers, will be the same as any other country.

That capital will find a home.

And it won't be here.

Smart money isn't going to make big bets on a system that looks a lot like the one they are trying to escape.

Predictions are like a\$\$-holes; everyone has one.

I do my best to stay away from them and follow the trends.

Follow the money.

Gold has already made a big move, breaking out of a massive years-long base.

Money's already moving into gold.

So, the trend is up, and the trend is your friend.

How high could it go?

Much higher than anyone thinks (my rare prediction).

\$10,000 would've seemed crazy to say six months ago.

Without mechanisms to check power, that's a certainty.

\$15,000?

\$20,000?

Who knows?!?!?

But it's gonna be staggering.

Only an idiot allocating capital would put that capital in a system when all the checks and balances that made it the "safe haven" in the first place have been removed.

But power-hungry people do stupid things that benefit their interests and hurt everyone else.

And people who should know better vote for those power-hungry groups.

As the great comedian George Carlin once said, "Think about how stupid the average person is. Then realize that half of them are stupider than that."

Quite the philosopher.

Whoever wins the election, wins.

I'll have to live with it and make do.

This newsletter is about making money, not politics.

The money will be in whatever assets outside capital flows are considered to be a "safe haven."

That's gold.

What about Bitcoin?

I do not own cryptos.

Most cryptos aren't worth the computer code they were developed with.

The massive losses outside the handful of larger cryptos are evidence of that.

Bitcoin is different.

Large financial institutions have legitimized Bitcoin.

That is the single most important factor in its massive run over the past year.

Both Trump and RFK, Jr. spoke at a Bitcoin conference, promising government involvement in buying crypto as an asset.

Of course, that would provide a massive natural buyer.

However, Bitcoin is a risky asset.

The stock market gets hit by 3-5%, and Bitcoin gets demolished.

Again, that could change.

For now, I view it as an asset class like any other.

Sometimes it goes up.

Sometimes it goes down.

There are plenty of other people and governments with a lot of capital who will continue to buy gold and other precious metals.

So, for now, that's the bet I'm making, and I will stick with it until the trends indicate that is no longer the case.

Vote for whoever you'd like.

I will, too.

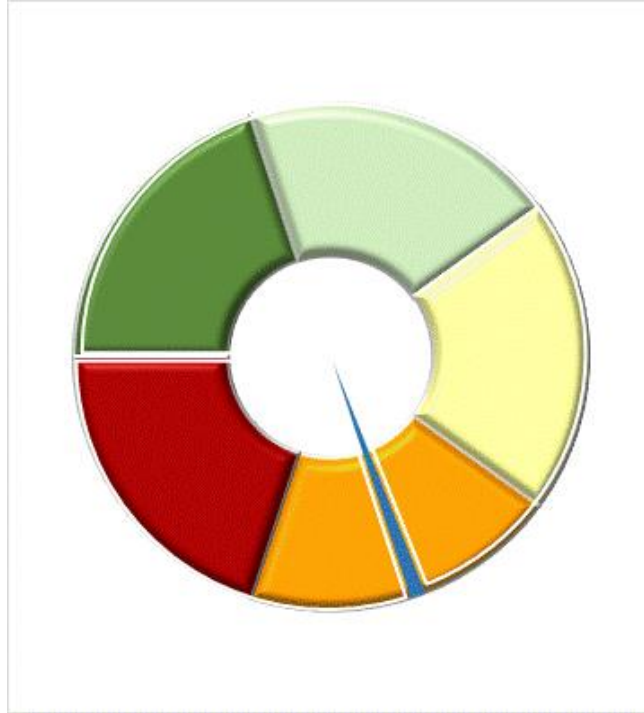
But do realize we often think about the U.S. from an insular point of view.

It doesn't matter what we think.

It's what they think.

They are the people outside the system that fund our way of life.

When that comes to an end, for whatever reason, it's over...



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