



The “Golden Age”

Top of the morning to you!

Earlier this week, millions of people around the world joined in celebration for the secular holiday of **St. Paddy’s Day**.

Originally a religious feast day to honour Saint Patrick, the patron saint of Ireland, has over time shifted from a Catholic Church religious observation day into a broader celebration of Irish culture and identity, with parades, music, and the iconic green attire emerging as traditions.

Saint Patrick is credited with the spreading of Christianity and the conversion and baptism of many Pagan Celts, the pre-Christian peoples of ancient Europe, including Ireland, who followed a nature-based religion tied to their Celtic culture. Saint Patrick died on March 17th, around 461 AD, which became the date chosen to commemorate him.

The ties of leprechauns and gold to St. Paddy’s Day is more cultural folklore and playful fun than a direct link to Saint Patrick himself. Leprechauns come from Irish mythology, predating Christianity in Ireland, and the gold connection comes from the legend that leprechauns hoard pots of gold where humans couldn’t reach them, at the end of a rainbow, elusive and always shifting.

A perfect segway into an overdue update on Gold as we recently surpassed the \$3,000 per ounce milestone!



Gold has been a foundation of wealth for civilizations going back thousands of years. The precious metal has been able to withstand all other forms of money and exchange throughout time, as it's rare, doesn't corrode, and can be shaped. On August 15th, 1971, President Nixon removed the U.S. from the gold standard, the last time the metal was directly associated with "money". Yet since that time its' value has risen and proven to be one of the best ways to preserve wealth over time.

For my clients, **gold has been the one long-term constant in the portfolio**. From the earliest days in 2004 when I began working with and advising clients, gold has formed a percentage of the overall portfolio, typically ranging between 5% and 10%. The price of gold in 2004 was \$375 per ounce and had firmly begun a new uptrend after the 20-year bear market in gold that bottomed in 1999 at approximately \$250.

My history with Gold:

I was first introduced to gold as a store of wealth in the spring of 2001, when I was given a one-ounce bar of gold as a university graduation present from my Uncle. He said to me, "***you should always have 10% of your wealth in gold***", and as that was almost 100% of my wealth at that moment, I was off to a good start! It was my first real introduction to "finance", an experience that 5 years of a Financial degree didn't teach me.

Receiving it took me back to my childhood and the allure of treasure. The chest of gold in a pirate ship at the bottom of an ocean, or the pot of gold at the end of the rainbow. It intrigued me to research the price of such a gift, as this wasn't something I was taught about in any of my university courses. To my surprise I found that the "treasure" was the same price that it was when I was born in 1978! The price had not moved in a straight line either. In fact, the price had shot up from \$225 in 1978 to peak at \$873 one year later! The price started from the fixed price of \$35 on August 15th, 1971, when gold was taken of a fixed-price peg to the US Dollar. Gold advanced throughout the remainder of the 1970's during a massive wave of money printing and inflation. Its' price rise ended abruptly in the early 1980s, with interest rates also near record highs. From there the glittering metal declined for the next 20 years until finding a bottom in 1999.

After exploring the history of gold and the monetary system at the time, it became quite clear to me that gold may just be one of the best investments for the next several decades.

Fast forward to today, with gold surpassing \$3,000, gold is starting to catch the attention of more investment strategists as an investment idea, but I still believe gold is nowhere near becoming mainstream. I feel this way as it's common to hear someone say, "gold has been on a strong upshoot, and could continue to move higher, but at \$3,000 you might also be late to the party."

This sort of viewpoint is what tells me we likely have much more room to run in the price of gold. **There is still very little price conviction, and a small percentage of people own gold.**

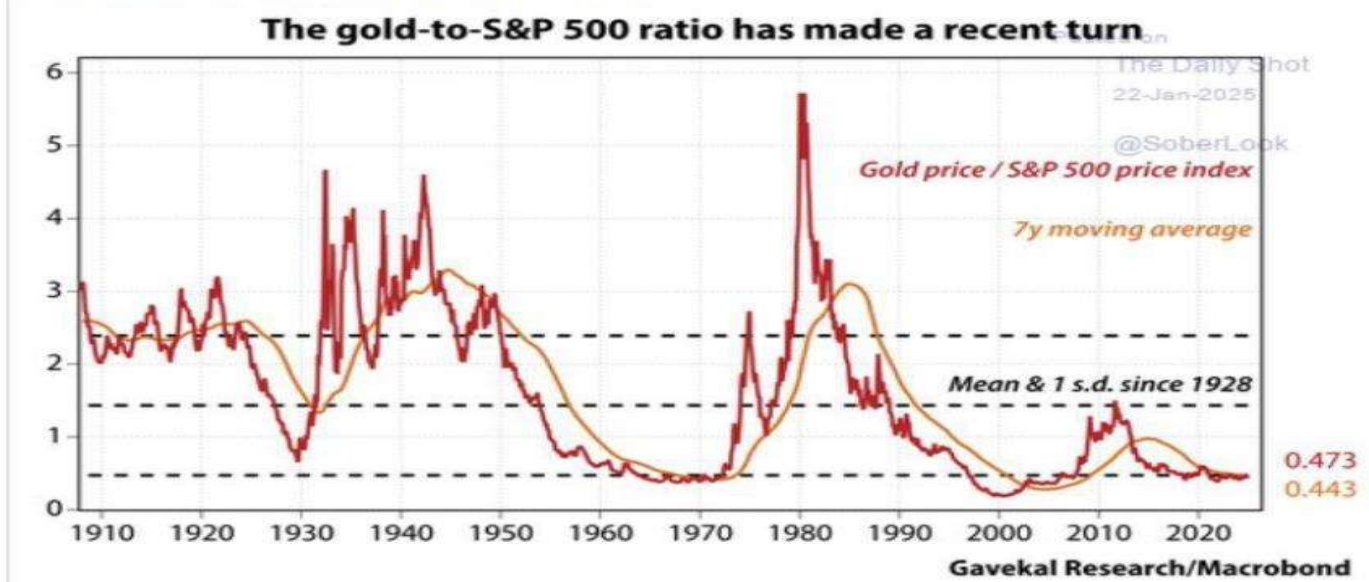
One way to back up this statement is illustrated in the chart below.

The chart shows **the gold-to-S&P 500 ratio**. It's a way of visualizing the value of gold to U.S. stocks over time. When the red line is high, the gold price could be considered expensive as compared to the U.S. Market. For example, in **1981** the ratio reached a peak of nearly 5.7x the value of the S&P 500. This ratio aligned with the end of a decade of no returns for the S&P 500 and Gold moving up 35 times in value. Inversely, in the year **2000**, gold was at a 100 year low of approximately 0.25x the S&P500 value. This was after two decades of strong S&P 500 growth, climaxing at the dot.com bubble of 2000 and gold bottoming at \$250.

Looking at other periods of time; in **1929** after the “**raging 20’s**” stock market run, gold was trading at a value below 1x the S&P 500, which was then followed by the 1929 crash and the “**dirty-thirties**” where markets and the economy were in turmoil. This was also when the gold price was revalued from \$20.67 per ounce to a fixed rate of \$35 per ounce with the **Gold Reserve Act** of January 30, 1934. Golds’ ratio of 2.5x to 4x the S&P 500 lasted for 15 years until the end of WW2. The stock market made a massive two decade run post WW2 and by 1970 golds’ value to the S&P 500 had dropped to less than 0.5x.

Looking at today’s ratio, **we are at 0.473x the S&P 500 value** and has been like this for 7 years! As gold has risen 2.3x since 2018 the S&P 500 has risen in lock-step. Which also means that if \$3000 gold is “expensive”, then we have a lot of problems in the stock market ahead. The chart illustrates that gold is the best value versus the S&P 500 in over 100 years, outside of 2000 and 1970-1973. It doesn’t mean the S&P 500 is destined to decline. In fact, I believe that this ratio moves higher **because of a multi-year outperformance of gold over the S&P 500, where the market loses ground to a strongly rising gold price into the end of this decade.**

Figure 1: Gold to S&P 500 Ratio Has Made a Recent Turn



Source: Gravekal Research/Macrobond

The “Golden Age for America” and the audit of Fort Knox

As we enter 2025, we have been met with a rapid-fire of news, executive orders, tariffs and the D.O.G.E lead by Elon Musk that has focused on the waste of Government money with a focus on efficiency. Unfortunately, politics has created a heightened level of uncertainty and rattled the markets. It has also stirred up demand in Gold and precious metals at the same time.

What is circulating in the “hard money” communities online is a conversation in a recent podcast with Texas Senator Ted Cruz and Elon Musk. Among various D.O.G.E topics discussed, the most interesting was Elon’s comments about recently discovered “**magic money computers**”, as he calls them, where payments and remittances have been made over the years by basically printing money out of thin air. He acknowledges 14 of these computers so far located within different Government Agencies, where payments have been made and points to the fact that there may be significant “unaccounted for” money that shouldn’t exist in a U.S. Treasury debt backed currency regime!

Why is this important? If gold is an attractive store of wealth, from the deteriorating paper money system overtime (otherwise known as inflation), then imagine what the current price of gold could or should be if we find out that in fact there is a greater number of U.S. dollars in circulation than we have been told and that have been officially recorded. The price of gold would need to immediately revalue higher in my opinion.

What is interesting is how President Trump and Elon Musk have been discussing the likely audit of Fort Knox, to “**see if the gold is all there.**” Fort Knox hasn’t been audited in over 50 years and many “gold bugs” believe the gold is all gone or at least not all there. I find the timing very interesting to be talking about an audit of the gold, and how President Trump continually refers to this period of time as the “**Golden Age for America**”.

Maybe it’s nothing... or maybe it’s something? We are likely to find out as 2025 carries on!

I continue to strongly believe that everyone needs an allocation to Gold (and Silver), and I am looking to increase that combined allocation towards 10% “to preserve wealth” for my clients.

Thank you as always for continued trust in the investment strategies and guidance, particularly with the gold allocation over time. It has done as expected and should continue to be a core investment for my clients for years to come. All the best!

Take care,

Ryan

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