

We will be giving some macro economic market updates on a weekly basis. No equity recommendations will be given in this commentary, and we encourage you to contact us if you have questions regarding any observations.



MACNICOL & ASSOCIATES
ASSET MANAGEMENT

Contact us today if you would like to meet about your investment future. info@macnicol.com

BEACONS OF THE WEEK

The two main purposes of a Lighthouse are to serve as a navigational aid and to warn ships (Investors) of dangerous areas. It is like a traffic sign on the sea.



Lange Nelle Lighthouse, Ostend, Belgium

This lighthouse is located on the Belgian coastline of the North Sea. The light station was established in 1771 and the present lighthouse was opened in 1949. The lighthouse is 65 meters above sea level.



Czołpino Lighthouse, Czołpino, Poland

This lighthouse is located on the Polish coast of the Baltic Sea. The lighthouse was completed in 1875. There is an optical device at the top of the lighthouse that was a gift from France.

Feel free to send us your photos of Lighthouses to be featured in our weekly market observations.

Uranium's Monday

As tensions rise across the Middle East and Iran and Israel trade blows, there has been a lot of chatter related to uranium and nuclear weapons. There has long been a push to disarm Iran's enrichment facilities and stall their nuclear research. We understand this policy push and the negotiations between the West and Iran on this topic. We hope some sort of deal is agreed upon between both sides before more lives are lost in both countries.

We bring up nuclear power this week because on Monday the Sprott Physical Uranium Trust made a huge announcement. Sprott announced a \$100 million bought deal. This raise sent uranium miners and the Sprott Trust upwards in pre-trading. Less than an hour into trading on Monday, Sprott announced that the bought deal was upsized to \$200 million (U.S.). The net proceeds of the offering will be used by the Trust to continue to acquire physical uranium in the form of uranium oxide in concentrates and uranium hexafluoride. The offering is expected to close on June 20th. The deal is being underwritten by Canaccord Genuity.

After this was announced, uranium prices in the spot market jumped by more than \$5 per pound.

The physical uranium market continues to tighten and the Sprott Trust will continue to store physical uranium. We continue to believe the Sprott Trust is the best way to go long nuclear energy.

In other nuclear energy news, the Asian Development Bank announced that they are considering lifting their funding ban on nuclear power projects. The shift comes as Japan shifts its stance on nuclear energy. Germany dropping its opposition to nuclear energy was also credited in this report from the Financial Times.

As more governments shift their stance on nuclear energy, investment will follow. Nuclear energy is being classified as a renewable energy source and could see the funding boom that solar and wind saw in recent years. We think demand will surge for uranium in the coming decades as more projects go online.

We do not think now is too late to jump in on this trade.

Disclaimer: MacNicol & Associates Asset Management holds shares of the Sprott Physical Uranium Trust as well as other Uranium-themed equities including uranium miners and uranium mining ETFs across various client accounts.

Everywhere and everything

President Trump has been a businessman for decades. He made his real name in real estate but has not shied away from other industries. He ran his interests like he was running America, with lots of random ideas, some of which often fail.

In 2021, he cofounded Trump Media & Technology Company. The company originally was a holding company for the social media platform that he founded, Truth Social but subsequently announced plans to expand into other industries. The company's stock which trades on the Nasdaq has been extremely volatile and has arguably traded like a meme stock. Currently, the company has a market capitalization of \$5.33 billion, and a significant portion is owned by Trump, Trump's family, and some close allies. We bring this up this week because the company (which trades publicly) made an announcement and the Trump Organization also made a huge announcement.

Trump Group and Trump Organization are two different entities on paper. They are led by the same people but are separate entities.

The first announcement we wanted to talk about came from the Trump Organization as they announced they are planning to build and launch smartphones which will cost \$499 and will be built in America.

The second announcement came on Monday morning after it was reported that the Trump Group is seeking approval from the SEC for Bitcoin and Ethereum ETFs. The second announcement is not that surprising as Bitcoin and Ethereum ETFs have grown in popularity in recent years and there are plenty of competitors in the industry. Trump Group, if approved, would join the likes of BlackRock, Fidelity, Grayscale, ARK, and Bitwise in operating a Bitcoin ETF.

The announcement of launching smartphones was made by Trump's two eldest sons. Trump Group will reportedly seek to launch a smartphone to rival Apple and eventually launch cellular plans with 5G services that will rival large cellular carriers in the U.S. The phone plans will include unlimited talk, text, and data and will cost \$47.45/month.

The first announcement caught our eye for comical purposes. The announcement is hilarious when you think about it. iPhones which are made in Asia cost almost double Trump Group's proposed price. The organization has no experience from our view in hardware and the smartphone industry remains highly concentrated. This seems like an endeavor that is bound to go belly up or not even get off the ground.

In Monday's announcement, they claimed that the smartphone will be released in August. Here is an image that the Trump Group shared online which depicts its smartphone:



Who knows what will happen next with this company? We do not think any analyst can make a real prediction, its pure guessing at this point.

On one hand, we have a lot of questions and doubts, is this even possible, how will the cost to produce this device be so low and will it meet consumers standards for a smartphone? On the other hand, maybe Trump Group has been working on this for years and they are choosing now to launch it due to tariffs and Trump's recent spat with Apple (where he threatened the company with a 25% tariff).

We do not hold shares in any of the entities mentioned above and would warn our readers against purchasing them due to their elevated risk and enhanced volatility.

Trade deficit

Much has been said by President Trump and other politicians regarding America's trade deficit and how that has ballooned in recent years. This is the reason he has installed the highest tariffs in decades. Trump wants to shrink the U.S. trade deficit and push companies to bring jobs back to America. It makes sense in theory. However, there is a huge surplus that the U.S. has.

America's net international investment has surged in recent years to an all-time low (surplus). According to the Federal Reserve Bank of St. Louis, the world owns \$26 trillion more in U.S. assets than American investors own abroad. The chart below depicts this trend very well:



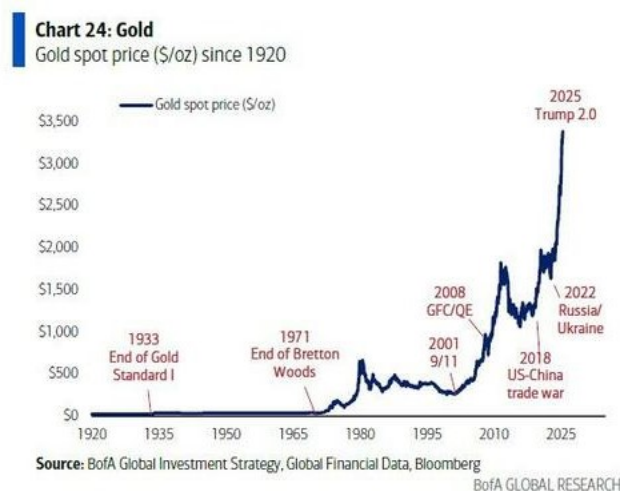
American stocks have severely outperformed international equities over the last 15 years. It has been a period of American exceptionalism where investors around the world have piled into U.S. stocks. This exceptionalism has been driven by American technology companies which are on a generational run. International investors had to increase their exposure to American stocks to see growth. At the same time American investors did not buy international equities due to their inferior performance and

growth. Fast forward to today and America's net international investment position has more than doubled over the last 5 years and quadrupled over the last 10-15 years.

If tariffs continue to remain a focus for this U.S. administration, expect many international leaders to point to this surplus. What happens when this chart begins to partially unwind? There could be some serious capital rotation. We think now is the time to diversify your exposure through other markets including up north in Canada, and across the world. Now before you overreact, we are not advocating for our readers to sell down all their U.S. holdings and only buy international stocks, we are simply stating that now is the time to diversify if you have not already.

Generational wealth

Generational wealth has been created throughout history through enterprise, investing, and even real estate. One asset that has also created generational wealth for some individuals and groups has been gold. Over the last 100 years, the price has exploded. Most of the gains came post-1971 when Bretton Woods ended. If your grandparents held onto a few hundred dollars or a few thousand dollars worth of gold since then, they would be feeling quite great today, amassing a small fortune dependent on the size. We understand that other asset classes have generated better returns over the period, but those are sometimes "more complex". Everybody understands gold, especially the importance it provides consumers post-Bretton Woods.



Gold is a simple asset that we think is a set it and forget it for the most part when considering it in the context of a diversified portfolio. We are not stating that you should hold 30% of your portfolio in gold but believe an allocation belongs in every portfolio, especially during these inflationary and uncertain times. Gold has benefited from the instability across the world which include mass tariffs across the world brought by the world's largest and most powerful country, and conflict that has arisen in the Middle East and Ukraine.

We remain bullish on the price of gold moving forward. However, we warn investors that the price performance could flatten out after a strong 18-24 months for gold. We think gold miners are one of the best bets across financial markets in today's environment as they continue to report strong results fueled by strong free cash flows, increasing earnings, and disciplined management.

Disclaimer: MacNicol & Associates Asset Management holds shares of gold miners, gold mining-themed ETFs, and physical gold through various instruments across various client accounts.

Mid 70s again

If you blinked or went on a long vacation over the last few months, you would not have known that oil was trading in the low \$60s for a few months, at one point the price of oil dropped below \$60 into the \$50s. Fast forward to this week and oil is on fire as conflict boils over in the Middle East. As of Wednesday morning, the price of oil was trading north of \$75. Over the last month the price of oil has increased by 18%.

The reason this conflict has led to higher oil prices is due to the potential for disruption in the global oil supply. Iran is one of the world's largest oil producers. This conflict that seems to be accelerating could topple their drilling and impact exports.

Iranian oil exports are a partial driver of the price of oil moving higher, the larger driver of this price movement is due to Iran's geographic location. It is located next to the Strait of Hormuz which handles approximately 33% of global petrochemical shipping traffic. Any move by Iran's leadership to disrupt this flow could be devastating to the global oil market. According to a commodities strategist at ING, significant disruption to these flows would be enough to push oil prices above \$120. OPEC's spare capacity would not be able to solve this issue as most of it is located in the Persian Gulf and would be impacted by these potential disruptions.

This conflict has led to the highest level of bullish bets on oil options in 25 years according to Goldman Sachs.

We have been in the energy trade for quite some time. Although we sold off some U.S. positions in late 2024 / early 2025, we continue to hold onto some quality U.S. and Canadian oil companies that operate across the industry.

Expect inflation and the CPI to jump over the next few months if oil prices remain elevated. We have a feeling that Trump will want to wrap up this conflict quite quickly as higher oil prices are the opposite of what he promised.

We hope you held onto at least some oil and gas exposure to hedge out these rising prices. We are not saying to go all in on the entire sector but some exposure will be beneficial. It is also important to own quality names managed by disciplined leadership teams. Dive into the weeds and earnings calls and add some exposure, if you haven't already.

Disclaimer: MacNicol & Associates Asset Management holds shares of North American energy producers across various client accounts.

Betting against the dollar

Fund managers are now the most bearish against the U.S. dollar in 20 years. We had mentioned that we expected a weaker U.S. dollar at the end of last year due to Trump’s vision and statements. We were proven right as the U.S. dollar has broken down and performed similarly to how it did in the first six months of Trump’s first term in the White House. He has an economic agenda and part of that is devaluing the U.S. dollar. He has been successful so far in doing so alongside the Treasury Secretary.

Chart 1: FMS most underweight the US dollar in 20 years

Net % FMS say they are overweight the US dollar



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

At this point we think the U.S. Dollar could make a reversal and bounce off this bottom especially as more and more investors turn bearish on the Dollar. Perhaps this is more of a contrarian signal than a sign that the Dollar is doomed. After all it remains the worlds reserve currency by a wide margin despite losing some of its glow over the last 10-15 years.

MacNicol & Associates Asset Management
June 20, 2025