Streetlight Confidential

Inside This Issue:

How to Buy $1 of Gold for Just 21 Cents!

A New Private Opportunity for Our Readers

-by Tim Collins

As gold flirts with record-high values throughout 2023, it's clear that investors are searching the market for the best way to participate and generate profits.

The good news is, investors have choices.

The bad news is that only one option provides a high-growth stock's upside potential… downside protection if physical gold prices dip… and the possibility of consistent cash flow.

Let me explain…

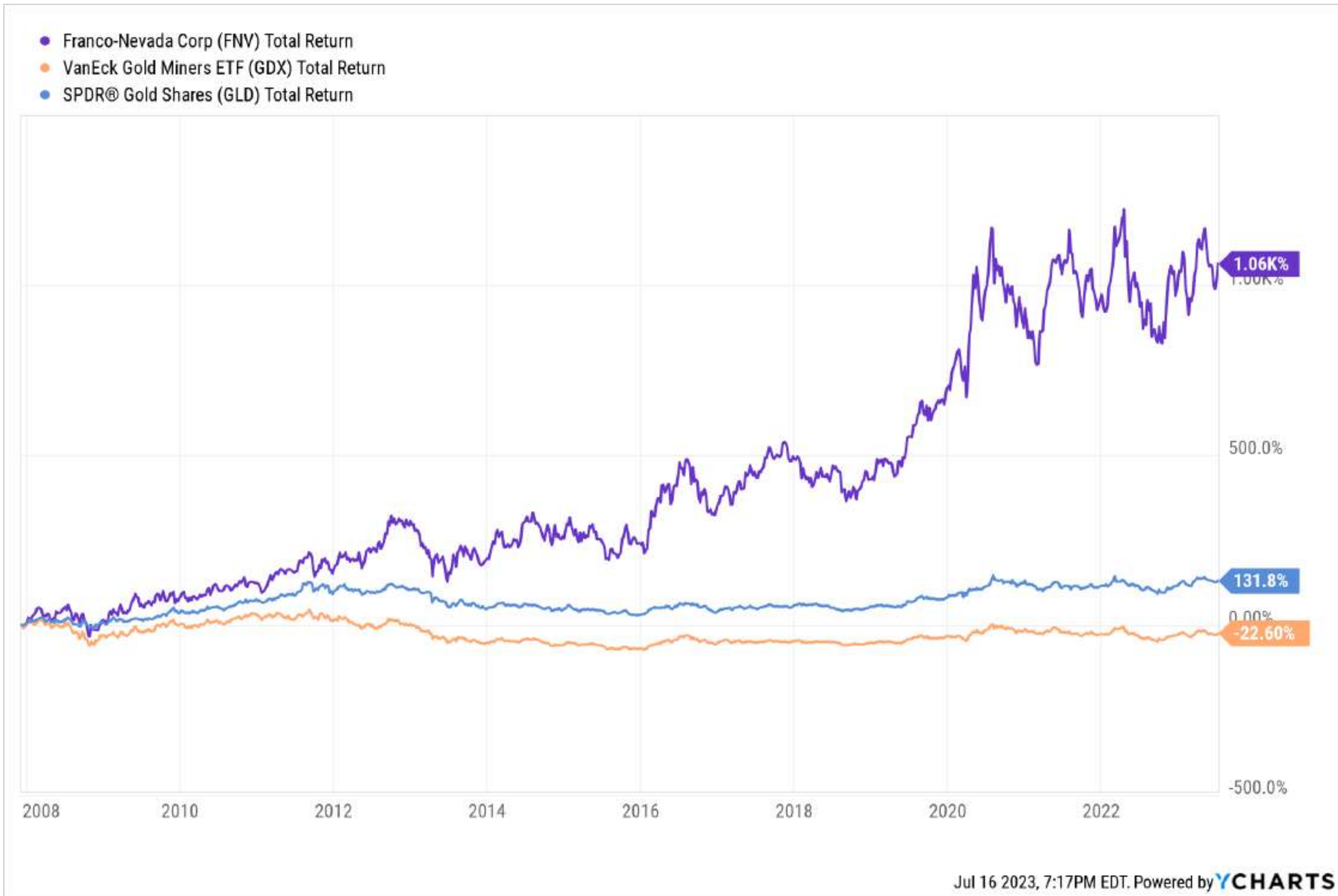
When thinking about gold, many investors will naturally lean towards investing in gold coins or opting for an ETF that encompasses a selection of gold mining stocks.

Some might acquire shares of an ETF that directly holds physical gold. But investments in physical gold or shares of large-cap miners are at the mercy of the price of gold itself.

Those inclined towards riskier investments might buy shares of high-risk, high-reward gold exploration companies. And if luck is on their side, a big win might await them.

Yet, drawing from my two decades of experience as a full-time trader, I can assure you that the likelihood of successfully identifying one or two exploration companies is exceedingly tough.

Take a look at this chart…



It tracks the performance of the VanEck Gold Miners ETF (GDX) in orange, the SPDR Gold Shares Commodity ETF (GLD) in blue and a unique company that focuses on precious metals “royalties and streaming” — The Franco-Nevada Corp. — in purple.

If you bought GLD in 2008, your investment would have grown by over 131%. While this isn't a bad return, it's not particularly impressive for a 15-year investment either.

Investing in a collection of gold miners like GDX would have actually resulted in you ***losing money***.

However, had you chosen to invest in a gold-focused ***royalty and streaming*** company like Franco-Nevada, your returns would have exceeded 1,000%!

Like I said earlier, there’s rarely ever only one way to invest in something. And gold is no different.

Yet, when I invest in precious metals, I follow one specific method to minimize risk and maximize my chances of success to the fullest extent possible.

And in just a minute, I'm going to introduce you to a small-scale precious metals royalty and streaming firm, with quite possibly the most knowledgeable and sought after land expert in Nevada serving as its Chief Executive Officer.

At this moment, the company's shares are trading on a public exchange at roughly THREE TIMES what you'll pay through this exclusive private offer.

I understand that it might seem incredible, but it's true. You can spend just $0.80 to acquire stock that is trading around $2.50. Additionally, you’ll receive warrants that allow you to buy more shares at $1.20 that could be sold on the open market for as much as $2.50 (based on the company’s stock price as I write this today).

That's an additional 2x potential realized gain on top of the instant 3x unrealized gain!

But first I want to explain the strategy that drives precious metals returns like Franco-Nevada.

Turning $2 Million Into $1.2 Billion

While the name Pierre Lassonde might not mean much to you, it does for the students at the University of Utah. Their gratitude stems from his remarkable donation of $25 million to the university; a contribution that sponsored the esteemed Lassonde Entrepreneur Institute.

Let me tell you a little about Pierre and provide some context for the opportunity I'm about to present.

During the 1970s, Pierre attended the University of Utah where he received his MBA. After graduation he embarked on a career in the metals and mining industry before ultimately moving into the financial industry where he managed precious metals portfolios.

In 1982, he partnered with Seymour Schulich and founded the Franco-Nevada Mining Corp. And in 1985, as good fortune would have it, Pierre came upon an advertisement in the Reno Gazette-Journal newspaper that promoted something called a "mining royalty."

***In a mining royalty arrangement, a mining company commits to provide the royalty holder with a percentage of the mineral production's value (or the mine's operational profit) throughout the mine's entire lifespan*.**

Intrigued by the economics of the arrangement, Pierre and Seymour decided to invest $2 million into the royalty, a move that drained nearly all of Franco-Nevada's available funds.

The mine in which Pierre and Seymour acquired their royalty was called Goldstrike — and it sure was. As a result of this investment alone, the Franco-Nevada Corp. amassed an astonishing $800 million in royalty revenues.

Projections suggest that Franco-Nevada's original $2 million investment will yield a cumulative profit of approximately $1.2 billion over the entire duration of the Goldstrike mining operation alone.

An Insider's Strategy

The company I'm about to introduce operates under a business framework similar to the one that grew Pierre and Seymour's investment of $2 million into $800 million. This company employs a comprehensive three-pronged business approach:

1. They obtain royalty interests from both resource companies or private parties, much like Franco-Nevada's engagement with Goldstrike.
2. They acquire new royalty streams by extending capital to project operators and exploratory ventures.
3. They identify undervalued or distressed assets via a process they call their "exploration project accelerator," provide initial investment capital for geological and engineering work, then sell the assets to other mining companies at a premium.

And there is one unique element of the company's strategy in acquiring royalty interests I want you to understand.

The company intends to create ***royalty bundles*** through the acquisition of multiple smaller royalties.

The combination of these smaller royalties raises the company's total value, allowing them to retain the royalties or sell them as a package to a more substantial entity.

As the company explains it, the ability to retain or sell the royalties as a consolidated package to a larger royalty firm provides them with valuable flexibility, a facet any investor can value.
It's important to understand that royalty and streaming tactics allow companies to quickly generate revenue as opposed to mining and exploration enterprises, mainly due to their ability to acquire royalties on actively producing properties.

Additionally, because royalty and streaming methodologies demand minimal labor and costs, companies adopting these business strategies enjoy strong profit margins and substantially reduced workforce numbers.

Introducing Nevada Canyon Gold Corp.

Nevada Canyon Gold (NGLD) stands out as an innovative natural resource company, characterized by its unique three-pronged business strategy. Its operational focus centers predominantly in Nevada, renowned as America's prime hub for exploration and mining activities.

Guided by the leadership of President and CEO Alan Day, as well as Chairman of the Board Jeff Cocks, Nevada Canyon engages in a diversified approach that involves the acquisition and divestiture of royalty interests, alongside the management of precious metal streams. This dynamic strategy is further strengthened by an integral "exploration project accelerator" facet.

The company's core goal revolves around acquiring royalties and streams from smaller-scale producing, pre-production, or pre-resource properties. By consolidating these diverse assets into a royalty portfolio, Nevada Canyon is confident that it significantly increases their inherent value and makes them more attractive to prospective purchasers.

Digging Into Nevada Canyon Gold: The Fundamentals

Smart investing starts with companies that have a good foundation. But figuring out what parts of a company's health really matter can be a mix of art and science.

Let's talk about Nevada Canyon. They're a new company in the natural resources industry. They aim to create a valuable portfolio of high quality royalties and streaming assets while maintaining some exposure to exploration projects. Traditional financial metrics like revenue aren't high on my list of concerns.

Let me explain what I mean.

Diversification: Mixing It Up

Jeff and Alan are committed to building Nevada Canyon in a way that ensures diversification among their investments.

They maintain a wide assortment of holdings, encompassing high-quality, sturdy mines, development projects, and properties for assessment. The assets that generate income for the company are projected to cover several operational properties. The income from these mines, which are owned by various mining companies to spread out investment risk, will come from smaller, medium-sized, and possibly larger companies.

No matter the size of the mine that Nevada Canyon holds a royalty or streaming agreement for, the income it generates will contribute to the company's overall earnings.

The key point to understand is the diversity of assets being put together by Jeff and Alan, provides a natural means of risk management. Put another way, if any particular mine faces a challenge or financial troubles, it won't have a significant impact on Nevada Canyon's overall situation.

Sticking to Safe Locations

Moving forward in my list of important company basics, I like to focus on where the company operates.

Gold miners aren't limited to digging for gold in Nevada. They could choose to work in regions like Africa, Colombia, Peru, or even China.

As an investor, however, I prioritize domestic investments over international locations. There's a good reason for this choice...

Nevada continues to maintain its position as the primary gold-producing state in America. While constituting less than 3% of the US land area, Nevada contributes to around 80% of the country's gold output.

Despite any challenges the United States may face, we still stand as the most politically and economically safe among the major gold-producing nations. And when it comes to investing, the advantages of safety and stability hold immense significance – qualities that are as precious as gold itself.

This isn't about favoring one's own country. It's just a straightforward fact.

And Nevada Canyon is mostly concentrated in Nevada!

Avoiding Surprise Costs

Smaller companies often face the risk of burning through all their money quickly. To be honest, one of the things I pay close attention to when studying a company is how practical the management is in preventing projects from going over budget.

Nevada Canyon has found a way around the problem of costs going overboard. They accomplish this by not investing in another mine's expenses for exploration or operations.

So, even if Jeff and Alan have made deals for Nevada Canyon shareholders to get royalties or streaming benefits, we don't need to worry about costs going crazy because of rising prices, bad budget planning, or anything else in between.

Upside Potential Similar to Tech Companies

Over the last 37 years, Franco-Nevada has grown significantly.

Back in the mid-1980s, when it purchased royalties on Goldstrike mines, it was a small player worth only a few million dollars — even smaller than Nevada Canyon Gold. But as it grew and diversified, it became a major player in the royalty and streaming world, worth more than $28 billion today.

However, its explosive growth phase has likely passed.

Large royalty and streaming companies like Franco-Nevada focus on deals that already make money, which means the royalties and streams they buy are quite expensive.

Nevada Canyon isn't competing with these big royalty firms for the same deals. Jeff and Alan have their sights set on acquiring royalties from smaller projects that are producing or in the early stages, even before resources are fully established. They plan to bundle these smaller royalties together and sell the packages.

The most likely buyers for the royalty packages Jeff and Alan create would be mid-sized or well-known players in the royalty and streaming business.

As Alan explained to me, concentrating on smaller, lesser-known properties with lower values lets Nevada Canyon sell the package for a higher price. He believes they can make a much larger profit this way.

The bottom line is Nevada Canyon is in a situation akin to where Franco-Nevada was in 1986. Alan won't take a big risk by over-investing the company's money in one royalty like Franco-Nevada did with Goldstrike. Instead he and Jeff aim to build a diverse collection of royalties and streams that would be attractive to companies like… Franco-Nevada today!

An All-Star Management Team

I'm unsure how many companies I've reviewed and vetted over the years — probably hundreds.

This is one of the few times where a specific management team member represents one of the company's primary advantages in the market.

Alan Day — President & Chief Executive Officer

Reading Alan's official resume, you'd think he's perfectly suited for the mining industry. He received a B.S. in geology and a B.A. in Spanish from the University of Utah in 1990.

Additionally, he has extensive operational and administrative background, with over 30 years of experience in exploration and mining, primarily in Nevada.

From there, you'll read about Alan's stellar reputation within the Nevada mining industry regarding property acquisition and divestitures, mineral claim locating, exploration services, geological consulting and project management.

But here's what Alan's resume doesn't show, and what makes him the perfect man for the job. Alan has walked or staked virtually every claim, mine site or noteworthy property in Nevada at some point over the past 30 years.

When the most prominent players in the mining industry need to stake a claim, they call Alan. Lucky for us, Alan is on our side now. He's hunting for the best high-growth opportunities in the Nevada royalty and streaming space to tuck away in Nevada Canyon Gold's portfolio.

Jeffrey A. Cocks — Chairman of the Board

Jeff has spent the past 30 years honing his skills in the capital markets and natural resources industries, and he's helping Alan manage Nevada Canyon Gold as the company's chairman of the board.

Over Jeff's career, he's managed numerous multimillion-dollar exploration programs for natural resource companies; founded or served as a director and officer for multiple public companies in the U.S. and Canada; and worked in financial, operational and administrative capacity, managing reverse takeovers and restructuring projects for countless parties.

While Jeff's experience in the natural resources space is beneficial, given his role at Nevada Canyon Gold, his expertise in capital markets excites me the most.

Robert (Bob) F. List — Director

Regarding experts on the state of Nevada, I think it's impossible to find someone that knows more about Nevada than Bob List.

Bob served as Nevada governor

from 1979–1983, district attorney of Carson City, Nevada; and attorney general of Nevada. He was also appointed to numerous boards and commissions under presidents Nixon, Ford, Reagan and George H.W. Bush.

Navigating state bureaucracies can be a nightmare. And knowing who to call, how to speak to them and what to say is something only a seasoned politician can do.

The ex-governor adds tremendous political capital value to Nevada Canyon Gold.

The NGLD Market Advantage

Mining is an extremely competitive industry, so it's important to understand what advantages Nevada Canyon Gold holds over other players in the space.

Investing in the Man Everyone Else Wants on Their Team

Alan Day possesses the knowledge to identify pre-production mines that have the potential to turn a small investment into a substantial profit. Equally important, he can discern which mines are not profitable and would waste both time and resources.

Although the company is refraining from disclosing its royalty and streaming targets until they have been purchased, I'm aware that Alan has his sights set on some promising opportunities.

The only thing standing between him, Nevada Canyon Gold, and investors gaining access to the royalty and streaming rights is funding. This is the reason the company is raising funds through this Regulation A+ funding round.

As a reminder, a Regulation A offering (Reg A) is a deal that is accessible to any investor, without the requirement of being an accredited investor to participate.

More than One Way to Win

Next to Alan's knowledge of Nevada's property and mining industries, the company's most significant advantage is the "embedded optionality" investors in royalty and streaming contracts receive over those that invest in gold bullion or traditional exploration companies.

Royalty and streaming businesses offer investors a way to benefit from changes in commodity prices (known as embedded optionality) and exposure to the actual commodities and their price shifts.

	Operating Companies	Gold Bullion ETF	**Royalty Companies**
Leverage to Gold Price	✓	✗	✓
No or Limited Exposure to Operating Costs	✗	✓	✓
No Capital Costs	✗	✓	✓
Exploration & Expansion Upside At No Extra Cost	✗	✗	✓
Highly Diversified Asset Portfolio	✓	✗	✓
Ability to Grow without Increased Management	✗	✗	✓
Low Overhead Costs	✗	✓	✓

Royalty companies provide attractive leverage to gold

If gold prices rise, royalty and streaming companies could see significant profits. However, even if gold prices drop, companies like Nevada Canyon Gold still receive payments.

Additionally, efficiency improvements could boost the bottom line.

Things like infrastructure improvements, lower electricity costs, and improvements in metallurgical and engineering technologies can all benefit a company's operations and cash flow.

These improvements benefit the investor as they can improve the amount of resources removed from the ground, boost reserves, and enhance production over time, without any added expense for the royalty holder.

More simply, when a mining company, in which Nevada Canyon Gold has a royalty or streaming agreement, expands its resources and reserves, it's beneficial for Nevada Canyon and its shareholders. As gold prices climb and each ounce of gold extracted becomes more valuable, Nevada Canyon's agreements gain in value.

Additionally, if higher gold prices, perhaps combined with new mining technologies, make previously unprofitable reserves viable to mine, this directly benefits Nevada Canyon Gold and its shareholders too.

Superior Return Potential

Grasping the potential returns of an investment is crucial. After all, how can you make an investment decision if you're in the dark about the risks and rewards involved?

In a second I'll give you all the specifics on how you can invest in Nevada Canyon Gold at a fraction of its current trading value.

As I write this report, the stock is trading much higher than the point where you have the chance to invest.

Here's something important to note: The price of this private offering remains steady; it won't fluctuate daily like the price of the stock traded on public exchanges.

So you'll be sitting on an impressive potential paper profit almost immediately.

However, here's the main thing I want you to understand...

I wouldn't invest in Nevada Canyon Gold for a quick short-term gain or a rapid increase of 200%. I have high expectations for Alan and Jeff, and I'm committed to giving them the time they need to prove their ability to transform their company into a leading industry player.

To understand the long-term potential of Nevada Canyon's strategy, we only need to look at Ely Gold and its achievements over a few years. Take a look at the chart below…

Ely Gold expanded its collection of royalties from one to 45 between 2017 and 2020. Investors rewarded this growth by driving its share price from \$0.11 to nearly \$1.50 — a remarkable gain of over 1,260%!

Gold Royalty eventually acquired Ely Gold in mid-2021. Even if you waited until the acquisition was complete, early investors walked away with substantial gains.

Having spoken with Jeff and Alan about Ely Gold's path, they acknowledge similarities. Based on this, I believe achieving a value of around $250–350 million over the next three to five years is possible.

Nevada's current market capitalization is approximately $26 million. So, conservatively speaking, I'm aiming for a five-year growth of 1000%.

As Nevada Canyon updates us on its progress in acquiring royalties and streams, as well as the success of its exploration project accelerator program, I'll likely revise my multi-year projection for the company.

At this point, it's most logical to consider Ely Gold's trajectory, as it aligns closely with what Alan and Jeff are aiming for in Nevada.

Is it feasible for Alan to strike a deal similar to the one Pierre and his partner Seymour Schulich made in the mid-1980s, which led to them gaining hundreds of millions?

Absolutely!

If that happens, investors like you and I could be looking at an enormous windfall with potential in the billions. However, this is realistically too optimistic for the current stage.

For now, let's use Ely Gold as our benchmark and employ it to evaluate Alan's success over the next couple of years.

Jeff's expertise in capital markets, running public companies, and navigating the commodities industry as a microcap company is unparalleled.

Spending time with Alan is like attending a masterclass in all things related to mining, geology, exploration, and Nevada.

Alan is among the most sought-after land experts in Nevada. No one knows the land, players, or available claims in Nevada better than Alan.

With Alan and Jeff leading the way, I am confident that this company has the leadership it needs to develop into the next major player in the precious metals royalty and streaming sector.

Deal Terms and How to Invest

The company's approach to royalties and streaming and the incorporation of its exploration project accelerator provide investors with incredible upside but without the massive risk associated with investing in junior miners.

Nevada Canyon Gold is raising up to $10 million via Regulation A+, and for every share of stock you purchase at $0.80, you'll receive one warrant with a $1.20 strike price valid for 24 months.

It's important to note that your $0.80 stock will be locked up and held by the transfer agent for six months. Your warrants, however, can be exercised and collected at any point.

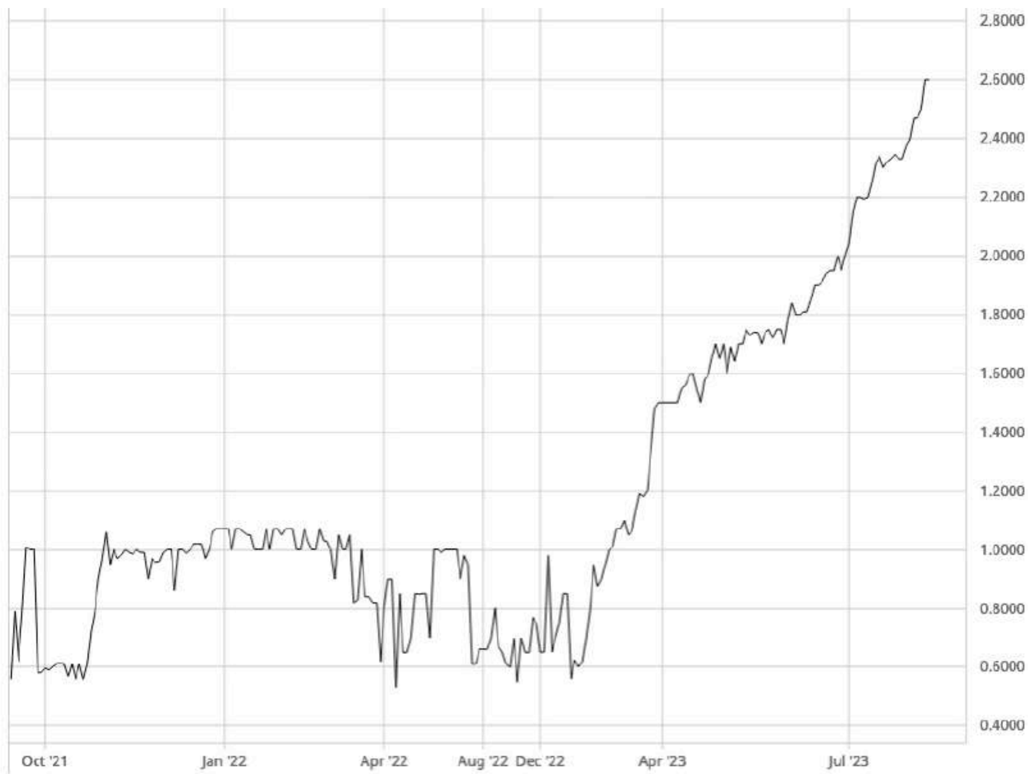
[Editor's note: When your shares are locked up, you can't transfer them to your stock brokerage.]

You read that correctly.

Through Nevada Canyon Gold's Regulation A+ raise, you can purchase the company's shares for just $0.80.

Remember this company is currently publicly listed on the OTC market at around $2.50 per share! So through this offering you get a 68% discount on the shares.

Nevada Canyon Gold (NGLD)



Source: Barchart.com

Now why would the company do this?

Well, in short, they have to.

When you invest in this deal (and many private offerings) your shares are locked up for a period of time. In this case with Nevada Canyon Gold, the lockup period is six months.

In exchange for that illiquidity, the company needs to entice you to invest, so they offer a discount to the current market price.

And while the shares you purchase through this offering are locked up for six months, the warrants that come with your $0.80 shares can be exercised immediately.

One last thing I want to make sure you know is that Alan and Jeff are planning to uplist Nevada Canyon Gold's shares to the New York Stock Exchange as soon as possible. Officially, they're saying sometime in 2024.

But in my view, they may accomplish this goal even sooner if the Reg A+ offering becomes fully subscribed and the company has enough cash in the bank to meet all the requirements.

You may already have an Equifund account, but if you don't, **follow the instructions here**.

As promised, the deal terms are below. And if you're ready to invest, **click here to be redirected to the Equifund website**.

You'll find everything you need to participate in the Nevada Canyon Gold Corp. Reg A+ offering below:

Company Name: Nevada Canyon Gold Corp.

Offering Type: Regulation A+

Securities Type: Unit (consisting of one restricted common share and one warrant with a $1.20 strike price valid for 24 months)

Price per Unit: $0.80

Minimum Investment: $1,000.00

Fundraising Goal: $10 Million

Industry/Sector: Metals Royalties & Streaming

Again, if you are ready to take advantage of this opportunity, **click here to begin the investment process now**.

Geopolitical Watch: Who's Buying All the Gold?

Central Banks Are Stocking Up… It's Just Not the Ones You Think

-by Tim Collins

Speaking of gold…

Unless you're a hardcore gold-bug, you probably didn't notice.

No one in the mainstream financial media reported on it.

Most in Washington have (publicly) done their best to ignore it.

But gold — the shiny yellow metal that has, for centuries, been both beloved and derided as a store of value — has been the object of a major buying spree. And not by your average doomsayer.

By global central banks.

According to the World Gold Council's Gold Demand Trends report:

> **Gold Demand Trends Full Year 2022**
>
> 31 January, 2023
>
> **2022: strongest year for gold demand in over a decade**
>
> **Colossal central bank purchases, aided by vigorous retail investor buying and slower ETF outflows, lifted annual demand to an 11-year high**

According to gold site Kitco news, central banks around the world purchased some ***1,136 metric tons*** (a metric ton is 2,200 pounds) of gold in 2022. That number is the largest annual purchase amount on record.

Why the sudden explosion in interest?

Turn on the news.

There's a war going on in Europe. China is eyeing Taiwan and daring the US to do something about it. Inflation is still running hot — if not rampant — all over the world. What central bank wouldn't add to their reserves as a backstop against the unknown?

But the reality is there's quite possibly another factor driving all the gold buying.

But before we get to that, let's see who's snapping it all up.

The Who's Who of Gold Buyers

Take a look at some of the biggest players around the world from last year according to Kitco:

> *The Central Bank of Turkey bought the most gold out of all central banks in 2022 as it searched for protection against unchecked inflation. Turkey's official gold reserves rose by 148 tonnes to 542 tonnes, marking the highest level on record.*
>
> *Countries in the Middle East also stepped up buying, with Egypt purchasing 47 tonnes, Qatar 35 tonnes, Iraq 34 tonnes, United Arab Emirates 25 tonnes, and Oman two tonnes.*
>
> *In Central Asia, Uzbekistan added 34 tonnes to its gold reserves in 2022, followed by the Kyrgyz Republic with six tonnes and Tajikistan with four tonnes.*

India was in the mix buying 33 MT as well.

This year, according to Forbes, the pace of purchases has been brisk as well…

> *The countries reporting the largest purchases in the first two months were Singapore (51.4 tonnes), Turkey (45.5 tonnes), China (39.8 tonnes), Russia (31.1 tonnes) and India (2.8 tonnes). The Central Bank of Russia published an update on its gold reserves for the first time in about a year, so the 31.1 tonnes were likely accumulated over the course of several months instead of in January and February.*

The interest in gold is clear. But if you look at the countries on the leading buyers list, you see most are names on the other side of the world.

So what's really going on here?

Trouble in Reserve Currency-Land?

A few months back, we (my partner Bob) did a pretty deep dive into the global status of the world's reserve currency — the US dollar. I'd recommend you **take a few minutes and reread it here** because it'll give you an understanding of WHY what's happening is happening.

The TL;DR version is that the US has long been abusing the power that comes with reserve currency status by exporting inflation. The more recent **weaponization of the dollar** has taken things to a ridiculous new level. So much so that serious interest in trading for international goods in currencies other than the US dollar has begun to pick up.

Since late last year, Vladimir Putin and Xi Jinping have been getting very friendly. Putin has said that he believes the Chinese Yuan would be a great currency for global trade.

Now saying that is all well and good, but there are serious credibility issues that surround China and its manipulation of its own currency that would rival the dollar's own shenanigans. But it probably says something about the rest of the world's view of the dollar that they would consider even an alternative like that.

But are there options to prop up the credibility of the Yuan or some other currency?

Enter the Golden BRICS

Back in 2001, Goldman Sachs economist Jim O'Neill coined the acronym BRIC. It stood for Brazil, Russia, India and China and he predicted that in a decade the economic growth of these countries would outpace the Western world. Turns out he was just a little early.

The "alliance" began meeting in 2010 to discuss cooperative actions on global issues. In 2011, South Africa joined the coalition to add the "S" to its acronym.

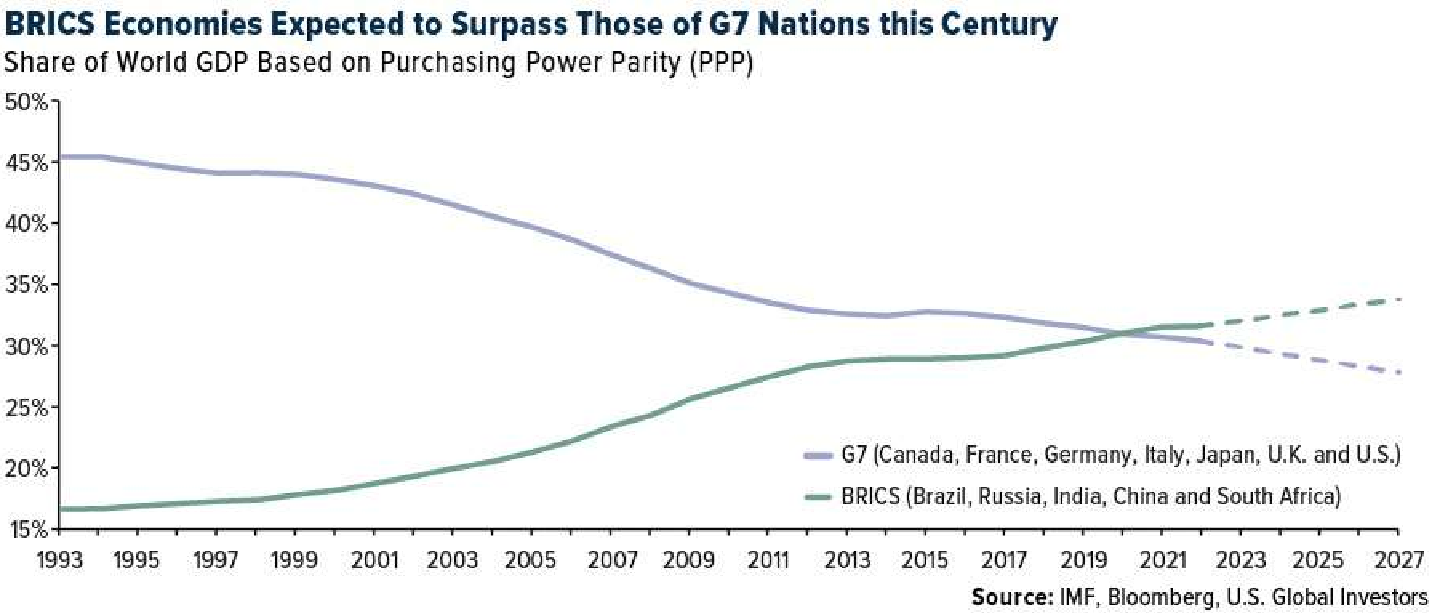
And in just the last two years O'Neill's prediction of these economies' growth has come to pass and the BRICS are a force to be reckoned with.

If you look at the top chart on the opposite page, you can see that they've actually eclipsed the G7 economies on a purchasing power parity basis.

[Purchasing power parity is a means of comparing one country's currency to another's by way of a "basket of goods" method. It allows you to compare different countries' economic productivity and standards of living on an apples-to-apples basis.]

That's a turn of events that should not go unnoticed. And they're getting even bolder.

This month they plan to announce a new global trading currency that will be — you guessed it — backed by gold!



And probably not surprisingly, given the recent global demand for gold, 41 countries have applied for BRICS membership.

Are they serious? Will it work? What might the potential outcomes be?

For one thing, reintroducing gold or some gold-backed currency as a medium of exchange would certainly spark a new global interest in the metal. You can see below that it's been testing all-time highs.

Beyond that, there's a lot to cover on the topic of whether a dollar alternative will fly and we'll be exploring it more in depth in the weeks to come.

Stay tuned!

Source: DailyMetalPrice.com

The Last Word…

One Last Slap in the Face Closes the Book on the Debt Ceiling Drama

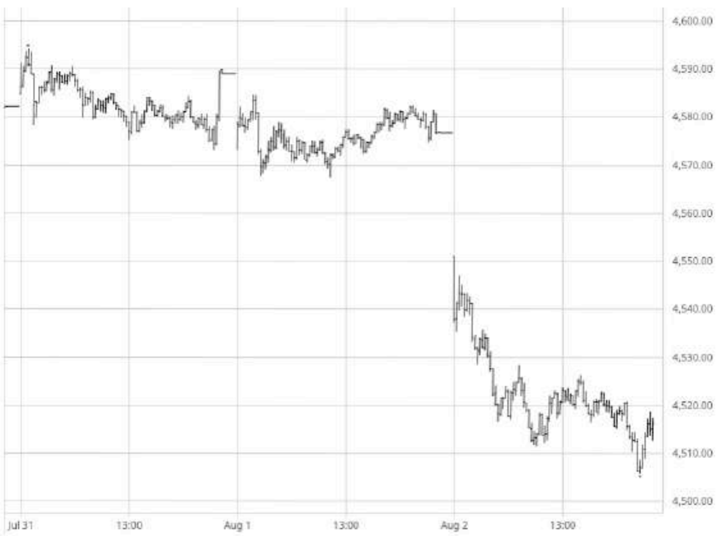
-by Tim Collins

Maybe you saw the news…

Maybe you didn't…

But no doubt you saw the market's reaction…

S&P 500 (August 2)



Source: Barchart.com

August started with a bust in part because of **a downgrade by Fitch (one of the three major rating agencies) of the US credit rating from AAA to AA+**. (My emphasis.)

> *The rating downgrade of the United States reflects* ***the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to 'AA' and 'AAA' rated peers over the last two decades*** *that has manifested in repeated debt limit standoffs and last-minute resolutions.*

Wow… let's not sugar coat it!

They had put the government on notice back in May during the heat of the debt ceiling standoff. But its resolution came and went without any action by the agency.

Until this week.

Not Our First Slap

As we've reminded you here before, the US has been downgraded before. In 2011 Standard & Poors (one of the other major ratings agencies) lowered the country's rating from AAA to AA+. Not ironically that slap was for the same debt ceiling nonsense.

Of course, there was outrage launched at the decision. Treasury Secretary Janet Yellen took a shot at the agency calling the decision a *"flawed assessment," "entirely unwarranted"* and *"puzzling."*

> *"I strongly disagree with Fitch Ratings' decision. The change by Fitch Ratings announced today is arbitrary and based on outdated data. Fitch's quantitative ratings model declined markedly between 2018 and 2020, and yet Fitch is announcing its change now, despite the progress that we see in many of the indicators that Fitch relies on for its decision.*
>
> *"Many of these measures, including those related to governance, have shown improvement over the course of this Administration, with the passage of bipartisan legislation to address the debt limit, invest in infrastructure, and make other investments in America's competitiveness."*

Jason Furman, economic advisor to President Obama, called the downgrade “completely absurd.”

Clinton Treasury Secretary and National Economic Council Director under President Obama Lawrence Summers called it “bizarre and inept.”

Even White House Press Secretary (and secret Nobel prize winner in economics) Karine Jean-Pierre disagreed…

> *“It defies reality to downgrade the United States at a moment when President Biden has delivered the strongest recovery of any major economy in the world.”*

Still, there are some who take reality over make-believe.

> *“The numbers speak for themselves,” Richard Francis, the lead analyst on US sovereign ratings at Fitch, told CNN in an interview on Wednesday.* ***America’s debt makes up 113% (and growing) of its economic output****, which Francis called “clearly pretty alarming.”*

Something else Francis no doubt finds alarming is the amount of debt Secretary Yellen plans to take on in the coming quarter.

The Treasury Department, in its Marketable Borrowing Estimates press release, announced ***they expect to borrow $1.007 trillion*** in privately-held marketable debt (treasuries) between July and September 2023. (In the October through December quarter they anticipate having to take on another $852 billion in debt.)

Francis may also know that team Yellen needs to roll over $6 trillion in maturing notes this year and another $3 trillion next year.

And given that all this borrowing will be done at interest rates north of 4%, the annual interest on our debt will exceed $1 trillion — likely by the end of the year.

Which makes servicing the debt alone, the third largest expense in the federal budget.

“Clearly pretty alarming” indeed.

So far, Moody’s is the only ratings agency still holding the US at AAA.

What’s It Mean?

Most likely… not much.

Stocks took a hit midweek after the announcement. And you could expect some short term volatility to follow. (Take a look at the aftermath of the S&P downgrade…)

S&P 500 (2011 Downgrade)

Source: Barchart.com

Again, in the long run it probably won’t mean much.

The financial world didn’t end when S&P cut our rating a dozen years back. And that’s because there is still is no viable alternative to the US Treasury’s issues for “risk free” returns (if that’s what you want to call it).

You Can't Make This $#!% Up!

Follow That EV! (Just Not Too Close…)

Look out for the Rivian!

The Biden administration wants you to believe that by replacing the good old reliable internal combustion mode of transportation with EVs will save the planet and make everyone's life perfect.

We tend to take that claim with a bit of cynicism.

Because as we've written here, again and again, the only results that the government can deliver regularly, reliably and without fail are unintended consequences. It now appears that an unsuspecting motorist in Ohio is experiencing that first hand.

Rivian owner Chris Apfelstadt was sitting at a stop light in his R1T electric truck when he was rear-ended by another driver. He documented the incident on a Rivian Electric Vehicle discussion page…

> *In early February, I was rear ended in my R1T. No airbags went off and the collision was at a relatively low speed. The other driver asked what kind of car I was driving, and my response was "the kind that is going to piss off your insurance company!" (this was a joke, we both laughed, and i told her about the brand).*

At first glance, the damage appeared to be a relatively minor fender bender. The guilty driver's insurance company offered Apfelstadt $1,600 to cover the repairs. (Reasonable by most claims.)

But the story didn't end there.

Apfelstadt had to take his R1T to a specially certified Rivain repair shop. They inspected the damage and came came back with a bill of — wait for it…

$42,000!

That's over HALF the sticker price of a new vehicle (which start at just under $75,000)!

According to the repair shop, the ding *"affected a panel that reaches from the back of the vehicle all the way to the front roof pillars of the truck and fixing the panel* ***required service workers to remove the ceiling and front windshield.****"*

Nice.

Another video on YouTube demonstrated how one Rivian owner was able to save $17,000 on a $37,000 fender bender. (Apparently, the shop was able to leave the rear spoiler and rear windshield which are "one-time use" components.)

Costs Beyond the Costs

Fender benders are a fact of life. And they cost enough already. According to a July 12 article from Kelly Blue Book…

> *"The average cost of making damaged cars good as new has soared 36% since 2018 and may top $5,000 by the end of this year," reports the New York Times. The numbers come from Mitchell, which provides much of the software that powers the car insurance and auto repair industries.*
>
> *Insurance premiums, the Times reports, are "up 17% in the 12 months through May."*
>
> *Axios adds, "The cost of car repairs was up by 19.7% on an annual basis, according to the latest federal consumer price data."*

But these EV bills are taking this to a whole new ballgame.

Consider how insurance companies will start dealing with these incidents as they become more and more prevalent in the general driving population. You think your premiums are high now? You ain't seen nothing. (Either that or they'll simply stop insuring them — like many property insurers have done in Florida and California.)

And then I ask you, what about depreciation?

It's estimated that the average car loses 10% of its value as soon as you drive it off the car lot. Apfelstadt's truck was relatively new. So what happens when he gets a quarter-panel dented when the car's 5 years old and some serious depreciation has set in? Will an insurance company pay more for repairs than the car is worth?

It's a conundrum worth thinking about before your drive your new EV off the lot.

We profiled one possible solution back in your **January 2022 issue**…

> *"When Tuomas Katainen, a Finnish Tesla Model S owner whose battery pack failed out of warranty, went to the company looking for redress, Tesla told him it would cost $22,000 for a replacement — nearly half the car's original cost."*

(Might be a good time to start keeping an eye on the dynamite industry.)

The cost of insuring and repairing an EV is expected to drop as more people and companies transition to all-electric cars.

We can only hope!

In the meantime, keep a couple extra car lengths between you and the EV ahead of you.

And Now On to the Streetlight Portfolio

When you don't finish your homework…

A week ago DOCN was in its glory trading at nearly $49. Up 24% on the month and 92% YTD. Last Thursday, things took a strange earnings turn.

So first some of the good news: Revenue in the second quarter grew to $170 million, that's up 27%. Their Annual Run-Rate Revenue (ARR) was up 25% at $682 million. Cash and cash equivalents came in at $551 million.

And then came the questionable news…

> *Given the* ***tax expense errors described in today's Form 8-K filing, we are not yet in a position to report second quarter 2023 net income*** *or non-GAAP diluted net income per share or to provide guidance on Q3 or full year non-GAAP diluted net income per share.*

That's what earnings reports are all about. The market punished them by taking back 25% of their value. While we have no reason to think there's anything nefarious going on, the jury's gonna be out until they get their earnings numbers sorted.

And the rest of the portfolio for your inspection…

Symbol	Name	Comments	Entry Date	Entry Price	Current Price	Annual Dividend	Percent Gain
FPI	Farmland Partners, Inc	Buy shares of Farmland Partners (FPI) up to $18 per share	9/2/2022	$14.22	$11.47	1.68%	-19.3%
VOO	The Vanguard S&P 500 ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	$351.06	$414.08	1.60%	18.0%
IJR	iShares Core S&P Small-Cap ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	$93.35	$103.96	1.89%	11.4%
VTV	The Vanguard Value ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	$131.74	$146.20	2.48%	11.0%
IJS	iShares S&P Small-Cap 600 Value ETF	Bear market portfolio: 20% position per the July 2022 Issue	7/5/2022	$89.52	$99.77	1.79%	11.4%
SCZ	iShares MSCI EAFE Small-Cap Index ETF	Bear market portfolio: 10% position per the July 2022 Issue	7/5/2022	$53.43	$60.28	4.72%	12.8%
VEA	The Vanguard FTSE Developed Markets ETF	Bear market portfolio: 10% position per the July 2022 Issue	7/5/2022	$40.01	$46.55	3.89%	16.3%
DOCN	DigitalOcean Holdings Inc.	Buy a half position up to $60, reserving capital to purchase the remainder of your position on a dip.	6/2/2022	$49.31	$35.60	N/A	-27.8%
ONDS	Ondas Holdings Inc.	Buy a full position up to $8.75	6/2/2022	$7.55	$1.32	N/A	-82.5%
WONDF	Wonderfi Technologies Inc.	Buy a half position up to $0.60, reserving capital to add to the position on a pullback.	6/2/2022	$0.45	$0.14	N/A	-68.9%
VMAR	Vision Marine Technologies Inc.	Buy shares of VMAR up to $5.45 as a speculative investment in the growth of electric powertrains in the boating industry. UPDATE August 2022: Buy up to price was raised to $6.50.	5/2/2022	$4.27	$4.19	N/A	-1.9%
U	Unity Software	Buy a 25% starter position between $95 and $99. Then scale into the remainder of the position adding another 25% every 15% to 20% down. †	2/3/2022	$77.27	$39.95	N/A	-48.3%
EPD	Enterprise Products Partners, L.P.	Buy shares of EPD up to $23.00 as an income-generating investment.	12/1/2021	$21.20	$26.48	$1.86	24.9%
ARKX	ARK Space Exploration & Innovation ETF	Buy shares of ARKX up to $22.00	11/1/2021	$20.48	$15.00	N/A	-26.8%
MSOS	AdvisorShares Pure US Cannabis ETF	Buy shares of MSOS at market up to $33. Be prepared to add to your position on a dip to $27 ††	10/5/2021	$28.95	$5.29	N/A	-81.7%
GENI	Genius Sports Group	Buy shares of GENI up to $22.50	10/5/2021	$16.99	$7.19	N/A	-57.7%
JD	JD.Com	Buy shares of JD.com (JD) up to $80 per share	8/30/2021	$76.69	$38.91	N/A	-49.3%
CZR	Cesars Entertainment	Buy shares of CZR up to $101.75	8/6/2021	$90.50	$56.15	N/A	-38.0%
	Current Prices as of 8/7/2023	**Price Notes:**					
		Entry prices are closing prices the day the issue is published.					
		† Per our entry instructions a 25% position was initially purchased at $96.99 on 2/3, then another on 3/7 at $82.45, another on 4/27 at $71.10, and a final on 5/6 at $59.55 giving us an average entry price of $77.27.					
		†† Adding an equal weight positon at $27 on 10/27 gives us an average engtry price of $28.95					