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In Gold We Trust Report®

May 17, 2024

The New Gold Playbook

incrementum

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& Mark J. Valek

We would like to express our profound gratitude to our Premium Partners for supporting the *In Gold We Trust* report 2024

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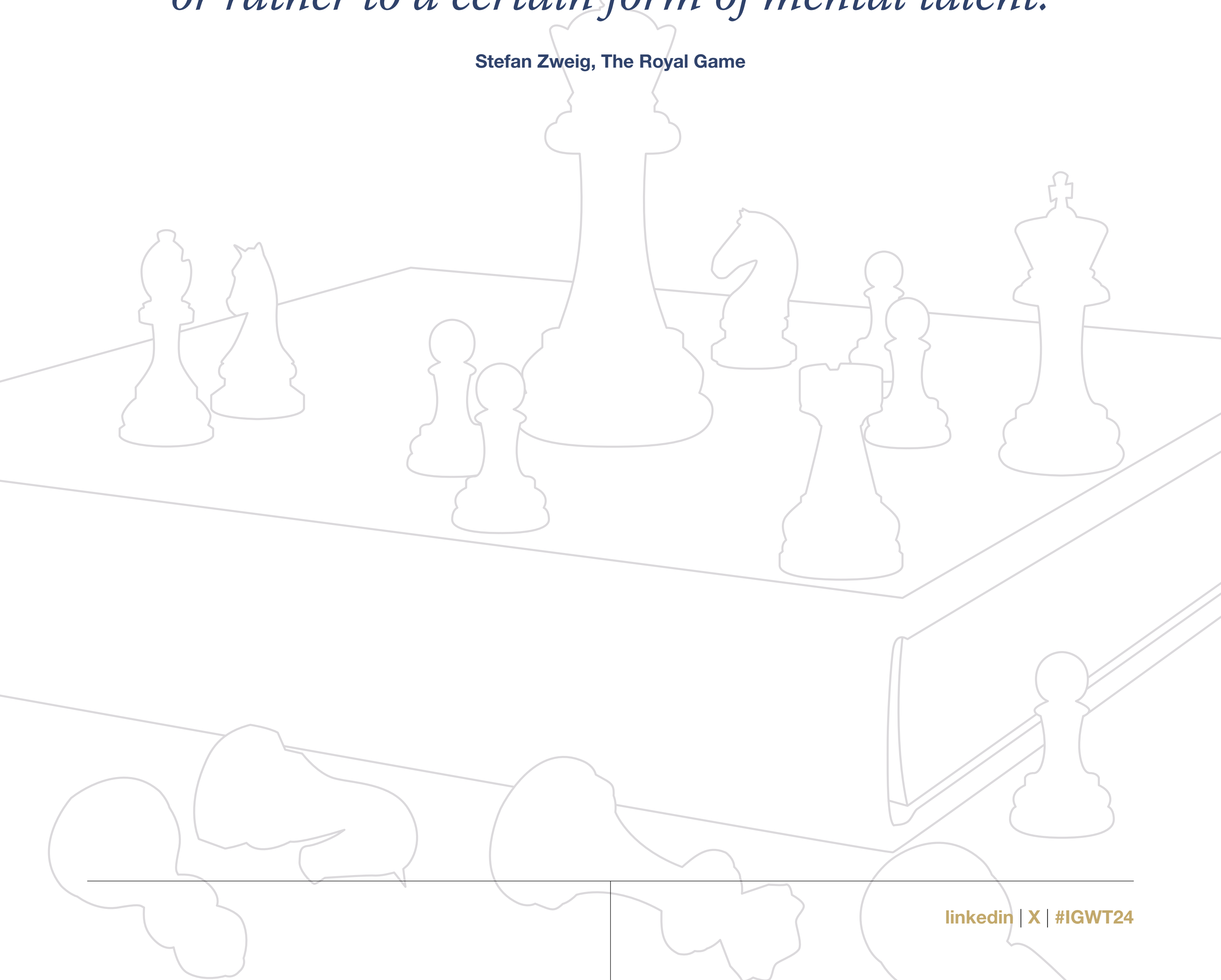
This is the abridged version of the *In Gold We Trust* report 2024. The full report comprises the following 24 chapters and can be downloaded free of charge at ingoldwetrust.report.

Introduction

I knew from my own experience about the mysterious attraction of the 'royal game', the only one of all games devised by man that sovereignly eludes any tyranny of chance and assigns its palms of victory solely to the mind, or rather to a certain form of mental talent.

Stefan Zweig, The Royal Game

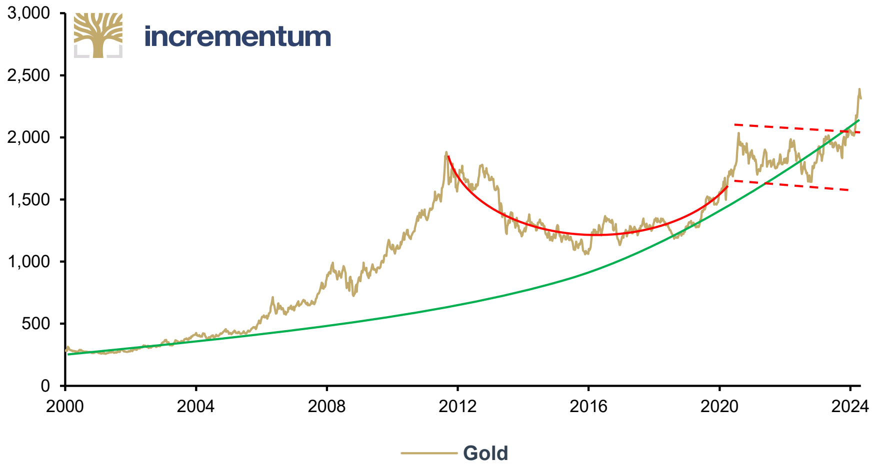


Small changes sometimes have a big impact. At the end of the 15th century, for example, a far-reaching change was made to the rules of chess. The queen, which until then had only been allowed to move one square diagonally, was given freedom of movement and could now move any number of squares diagonally as well as vertically and horizontally. Thus, the queen was considerably upgraded among the six different chess pieces and became the most powerful piece.[1] The change in the rules meant that chess players had to adapt a new playbook. **Chess remained chess, and yet it became a completely different game.**

Comparably far-reaching changes are currently taking place on the gold market. The rules of the gold game are changing on many levels. **That's why we want to take an in-depth look at the global upheavals in this 18th edition of the *In Gold We Trust* report and introduce you to the new gold playbook.**

The fundamental changes manifested themselves not least in the spectacular gold price performance in the spring. The showdown in the gold price that we predicted last year has come to pass. The gold price broke through its long-term resistance and soared to unprecedented heights. **Gold and gold investors are now entering *terra incognita*.**

Gold Cup-and-Handle Formation, in USD, 01/2000–04/2024



Source: Reuters Eikon, Incrementum AG

What is remarkable is that all of this is happening in an environment in which, according to the previous playbook, the gold price should actually have fallen. The collapse of the correlation between the gold price and real interest rates raises many questions. In the old paradigm, it was unthinkable that the gold price would trend firmer during a phase of sharply rising real interest rates.

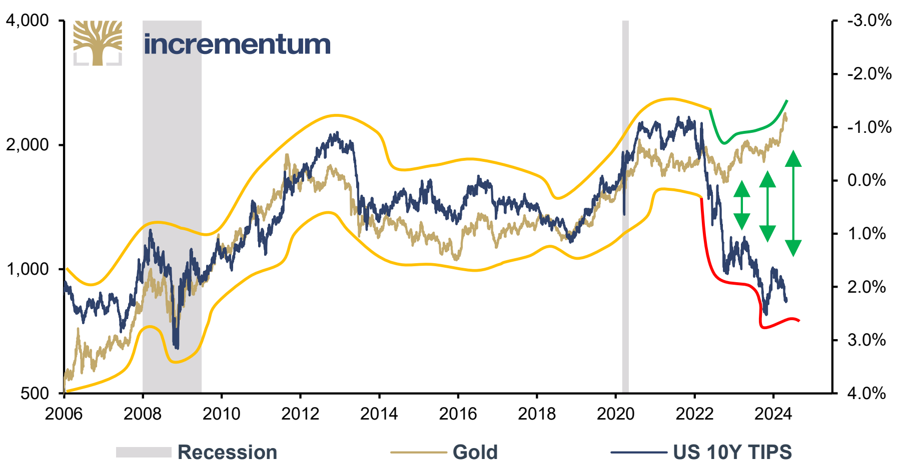
This longtime pattern is not the only one that can no longer be used to explain the gold price trend. **There is considerable evidence that the old set of rules has become outdated in essential aspects, indicating that it is time to adopt the new gold playbook.**

Before we take a closer look at the details, the first question is: What is a playbook? ChatGPT provided us with the following answer:

> *A playbook is a comprehensive document or guide that outlines a set of strategies, procedures, or tactics to accomplish specific goals or objectives. It is commonly used in various fields such as business, sports, military, and politics. Playbooks provide step-by-step instructions, best practices, and tips for executing tasks efficiently and effectively. … Overall, a playbook serves as a reference tool to help individuals or teams navigate complex situations and achieve success.*

We are convinced that gold will experience the same substantial revaluation under the new playbook as the queen did in the game of chess. Gold is no longer a marginal figure, just another investment opportunity among many, but is increasingly standing out from the spectrum of investment instruments.

Gold (lhs, log), and US 10Y TIPS (rhs, inverted), 01/2006–04/2024



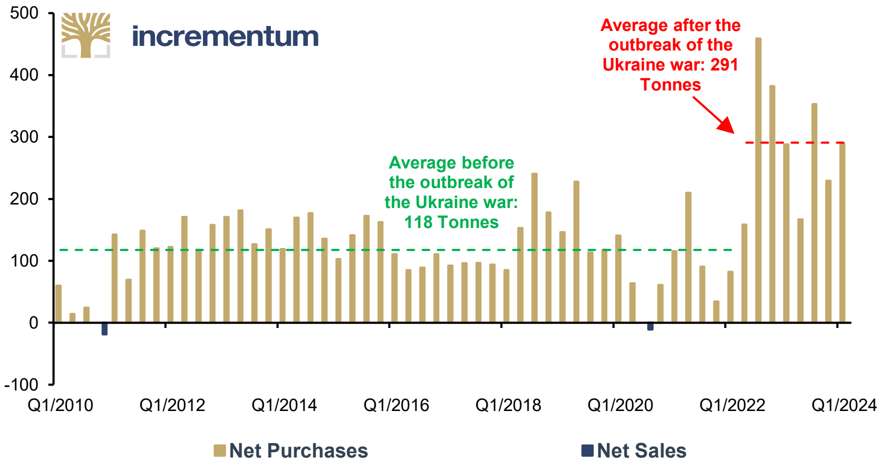
Source: Reuters Eikon, Incrementum AG

The New Gold Playbook

What is the root of the fundamental changes in the gold market? Structural changes have taken place at various levels in recent years. A decade of zero and negative interest rate policies has atomized all risk premiums and provided a systemic incentive for excessive debt. The situation has been exacerbated by the Covid-19 measures and the massive costs of the green transformation, which are estimated to run at least USD 100trn by 2050 – almost the equivalent of the world's annual GDP. Since the beginning of the Ukraine war, there has also been a vast increase in military spending. Adjusted for inflation, global military spending rose by 6.8% to USD 2.44trn in the previous year. This is the largest increase since 2009.

We have addressed and analyzed these complex changes affecting the gold market in detail in previous *In Gold We Trust* reports, such as in 2020 in "The Dawning of a Golden Decade", in 2021 in "Monetary Climate Change", in 2022 in "Stagflation 2.0" and, last but not least, last year in "Showdown".

Global Central Bank Gold Purchases, in Tonnes, Q1/2010–Q1/2024



Source: World Gold Council, Incrementum AG

The geopolitical showdown

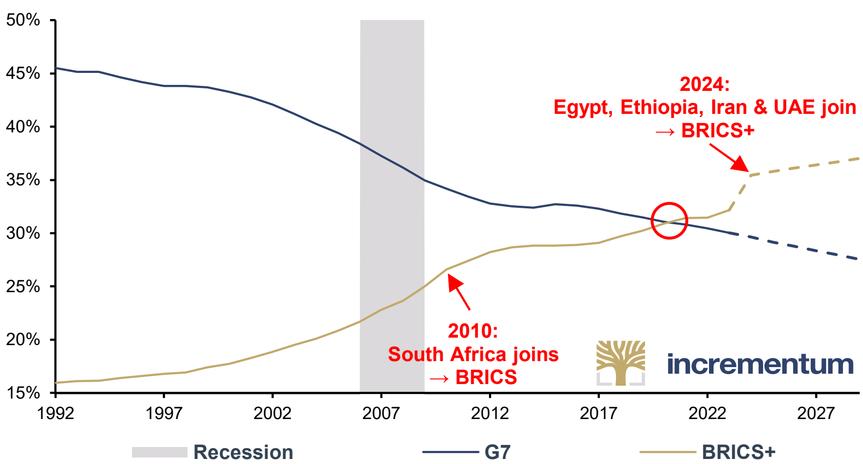
Amid one of the most challenging geopolitical tensions in decades, there is a return to gold as a neutral reserve asset. This is particularly evident in the record gold purchases by central banks. In the *In Gold We Trust* report 2022, "Stagflation 2.0", we pointed out that the sanctioning of Russian currency reserves by the US and the EU would "go down in monetary history".[2] And furthermore that "gold, as a neutral monetary reserve, will emerge as one of the beneficiaries of the troubling conflict between East and West". As expected, one of the consequences of the momentous sanctions decision of February 26, 2022, is that international central banks have massively accelerated their gold purchases.

The freezing of Russian currency reserves impressively demonstrated to the world that **debt-based currency reserves are ultimately just a promise and can be converted into worthless database entries in a moment in the event of a conflict.** The uniqueness of gold as a neutral reserve currency without counterparty risk is now being rediscovered. The structural increase in central bank demand is a key piece of the new playbook, mainly because central bank demand is relatively less price sensitive. **One could say that central banks have put a floor under the gold price.**

Now, the geopolitical showdown is entering its next round. While the war in Ukraine continues to rage, the Middle East has become an additional arena of extraordinary geopolitical tension as a result of Hamas' terrorist attack on Israel on October 7, 2023. The aggravated situation in the Middle East is a key pressure point in the complex network of international relations, with China and Russia on one side and the West on the other. The former are showing support for Iran and its allies, challenging the strength of the West's traditional alliance with Israel. **The following words by Zbigniew Brzezinski from his 1997 book *The Grand Chessboard* could prove prophetic:**

> *Potentially, the most dangerous scenario would be a grand coalition of China, Russia, and perhaps Iran, an 'antihegemonic' coalition united not by ideology but by complementary grievances. It*

Share of Global GDP (PPP), G7 and BRICS+, 1992–2029e



Source: Acorn MC Ltd, World Economic Outlook, Reuters Eikon, Incrementum AG *would be reminiscent in scale and scope of the challenge once posed by the Sino-Soviet bloc, though this time China would likely be the leader and Russia the follower.*

Emerging markets (up-)rising

In 2024, around half of global GDP will be generated by emerging markets, compared to just 19% in 2000. Two-thirds of global GDP growth in the last 10 years was generated by the emerging markets. The majority of emerging markets have a much greater penchant for gold than the industrialized nations. This will feed a natural, long-term growth in demand for gold.

The increasing economic and political importance of emerging countries has been apparent for many years. It seems that dissatisfaction with the prevailing international order is growing day by day. Various international institutions, which are largely dominated by the West, are increasingly being called into question, while the alliance around the BRICS states is experiencing strong growth.

At the beginning of this year, four new member states were admitted to BRICS: Egypt, Ethiopia, Iran and the United Arab Emirates. Saudi Arabia, which is gaining geopolitical influence, is also likely to join the alliance but has not yet officially confirmed its acceptance of the invitation to join BRICS+. **The hesitation shows that joining is seen as a historic decision.** Including Saudi Arabia, the BRICS+ would account for 43% of global oil production and 44% of global oil reserves.

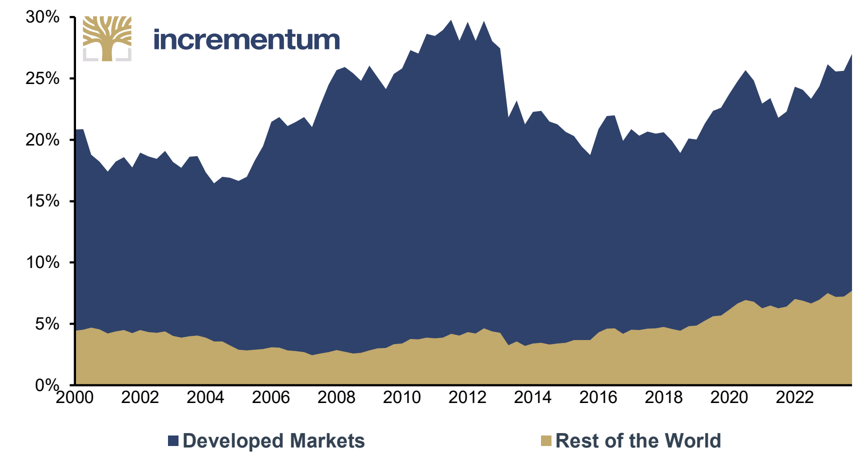
For years, the BRICS+ countries have had a considerable trade and current account surplus with the West. A steadily increasing share of gold in the currency reserves of emerging economies is the manifestation of this development. This is similar to the situation after the Second World War, when Europe, especially Germany and France, successively increased their gold reserves as a result of high current account surpluses. In contrast, US gold reserves fell to almost one quarter, or just over 8,000 tonnes, as a result of the *gold drain*. **While the US experienced a *gold drain* in the 1960s, there are currently signs of a *gold gain* in the emerging markets.**[3]

The renaissance of gold is also reflected in the fact that the World Bank published a "Gold Investing Handbook for Asset Managers" at the end of February. It explicitly cites several studies that impressively confirm the properties of gold as a diversifier, particularly in the event of downward volatility. **Central banks are recommended to hold up to 22% gold.**[4]

Among the central banks, the PBoC in particular is continuously expanding its gold reserves. Purchases have been registered for 18 months in a row. The chart below shows that the low point of gold prices in 2022 fell in the same month in which the Chinese central bank's gold purchases picked up speed.

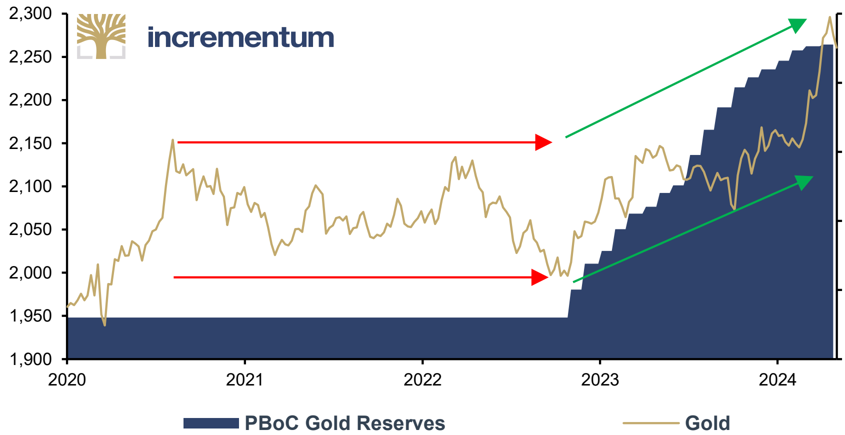
Loyal readers know that we have been analyzing the ongoing process of de-dollarization for many years.[5] The term *de-dollarization* is naturally interpreted in different ways. To clarify: We do not believe that this process will lead to the US dollar being replaced by another fiat currency as the world's reserve currency. Among the "blind" fiat currencies, the "one-eyed" US dollar is king for the time being. In the competition between

Gold Share of Total Reserves, Q1/2000-Q4/2023



Source: World Gold Council, Incrementum AG

PBoC Gold Reserves (lhs), in Tonnes, and Gold (rhs), in USD, 01/2020–04/2024

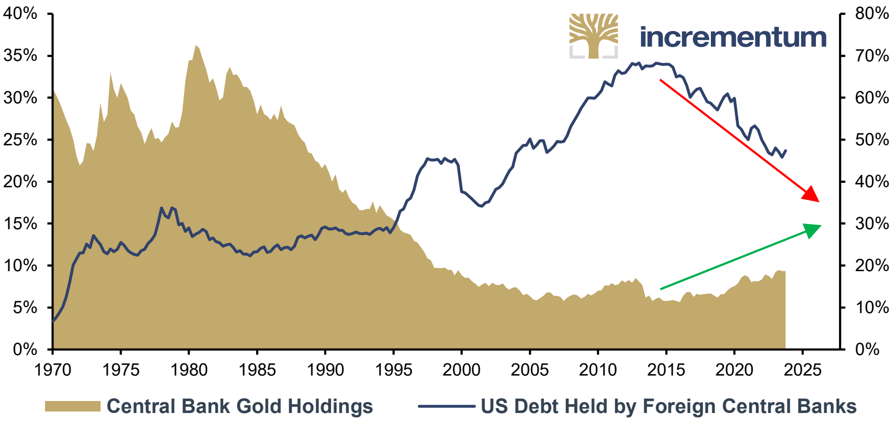


Source: World Gold Council, Reuters Eikon, Incrementum AG the BRICS+ and the US dollar team, the latter has recently been able to score a success. Argentina, under its new libertarian president Javier Milei, has decided to turn down the invitation to join BRICS+ and instead tie itself more closely to the US dollar and also to NATO.

The BRICS+ countries are likely to launch the next round of this ongoing competition at their annual conference, which will take place in Russia at the end of October. Numerous countries, from Kuwait to Venezuela, Thailand, Kazakhstan and Nigeria are considered candidates for membership. Among the countries that have expressed an initial interest in BRICS+ membership are two countries with particular geopolitical explosiveness: Turkey, a NATO member country, and Mexico, a direct neighbor to the US.

There are many indications that the bipolar global order that has begun to emerge in recent years is continuing to take shape. Back in March 2022, Zoltan Pozsar's article "Bretton Woods III" gave a stimulating impetus to this debate about a new global monetary order. He concluded his remarks with the following prediction: "From the Bretton Woods era backed by gold bullion, to Bretton Woods II backed by inside money (Treasuries with unhedgeable confiscation risks), to Bretton Woods III backed by outside money (gold bullion and other commodities)."[6]

US Debt Held by Foreign Central Banks (lhs), as % of Total Debt, and Central Bank Gold Holdings (rhs), as % of Currency Reserves, Q1/1970–Q4/2023



Source: Crescat Capital, Reuters Eikon, Incrementum AG

No one knows exactly where this journey will take us. However, there is no question that we are irrevocably on the road to a new global (monetary) order. **For state actors such as central banks and sovereign wealth funds, gold is increasingly becoming the golden queen on the geo-economic chessboard.**

Private investors from the emerging markets are rushing into gold

It is not only state actors in emerging markets that are experiencing gold fever but also private individuals. Loyal readers will be familiar with our theory that gold has always moved out of countries where the capital stock is being depleted and into countries where capital is being built up, where the economy is prospering and the volume of savings is increasing. The Romans had already experienced this more than 2,000 years ago, when the Chinese and Indians only accepted gold in exchange for spices and silk and not Roman goods.

In terms of annual physical demand for gold, the share of emerging markets has risen to 70% over the past five years. China and India have accounted for more than half of this. The formative historical experience of financial repression, with an unstable monetary system and the associated loss of purchasing power – apart from cultural and religious aspects – is likely to be the decisive factor for the higher basic demand for gold. The following chart shows how high the correlation between the economic development of the emerging markets – measured by the MSCI Emerging Markets – and the gold price has become. However, the chart also shows that since 2022 the correlation has decreased and a divergence has occurred.

Gold (lhs), in USD, and MSCI Emerging Markets (rhs), in USD, 01/2000–04/2024

Source: Reuters Eikon, Incrementum AG

The simplified formula can therefore be stated as follows: If you want to bet on long-term growth in emerging markets, you should bet on gold as well. Or, as Louis-Vincent Gave put it: "Gold is a low-beta emerging market proxy."

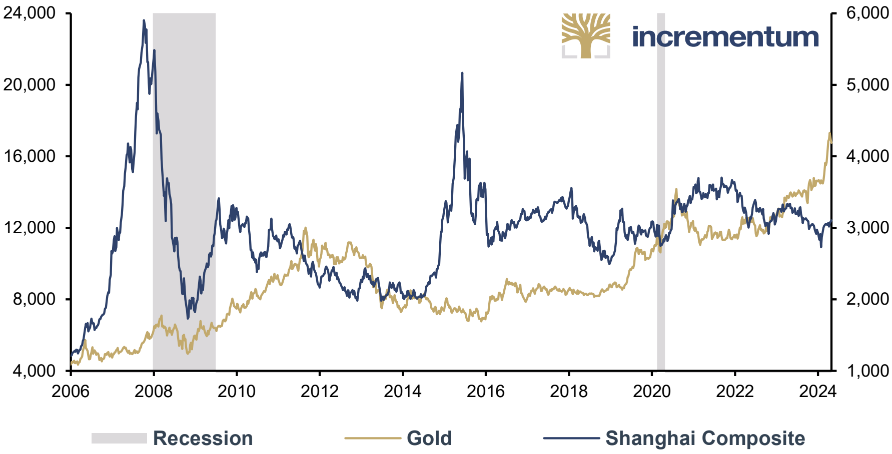
Gold fever in China

One of the most important factors behind the recent gold boom is undoubtedly the enormous demand from China. Chinese demand for gold is no longer being fueled solely by the PBoC, but increasingly also by Chinese private investors. The financial situation in China could be summarized as "shrinking pool of investment opportunities meets high liquidity".

Now that the Chinese real estate market, traditionally used for retirement provision, has hit turbulence, there is a substantial need for alternatives. Chinese bonds and savings accounts are also becoming less attractive in view of the ongoing decline in interest rates, while Chinese equities have been trending sideways (volatile) since 2016. Despite a rally of 15% from February to the end of April, the leading Chinese stock indices are still well below their historical highs.

These uncertainty factors combined with continued high liquidity – **the Chinese population's cash holdings are at a record high** – create superior conditions for investing in gold. In addition, it is worth noting how the Chinese horoscope influences the investment culture. 2024 is under the sign of the dragon, which symbolizes vitality, power and dominance in the Chinese zodiac. This boosts the appreciation of solid, stable investments such as gold.

Gold (lhs), in CNY, and Shanghai Composite (rhs), in CNY, 01/2006–04/2024



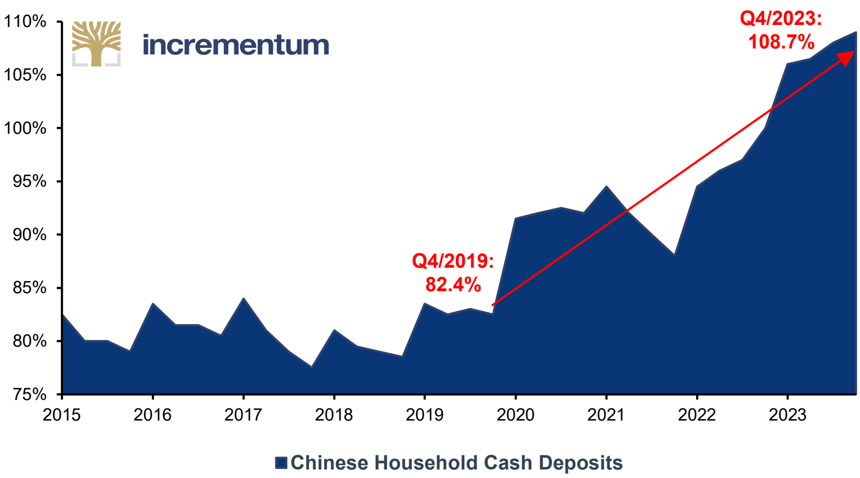
Source: Reuters Eikon, Incrementum AG

The enormous Chinese appetite for gold can be seen in the premium for Chinese gold compared to LBMA prices. The high domestic demand in China is also being fueled by China's youth, who have recently discovered gold beans as an investment opportunity. In addition, import restrictions or tariffs on gold imports could keep prices in China artificially high. Another reason is likely to be China's withdrawal from the LBMA gold auctions last year, which may have restricted the volume of gold flowing into China.

The marginal actor on the gold market moves from West to East

The picture in the West is very different from that in the emerging markets. The once strong link between investor demand from the West and the gold price has dissolved in recent quarters. In view of gold's record run, one would have expected ETFs to register record inflows. First, things turn out differently, and second, they unfold contrary to expectations: Since April 2022, there was a net outflow of around 760 tonnes of gold from ETFs. **According to the old gold playbook, gold should be at around USD 1,700 in view of the fall in ETF holdings.**

Chinese Household Cash Deposits, as % of GDP, Q1/2015–Q4/2023



Source: Longview Economics, Macrobond, Incrementum AG

The next major leg up in the gold price will prove to be a religious experience for those people unfortunate enough to find themselves short.

Paul Mylchreest

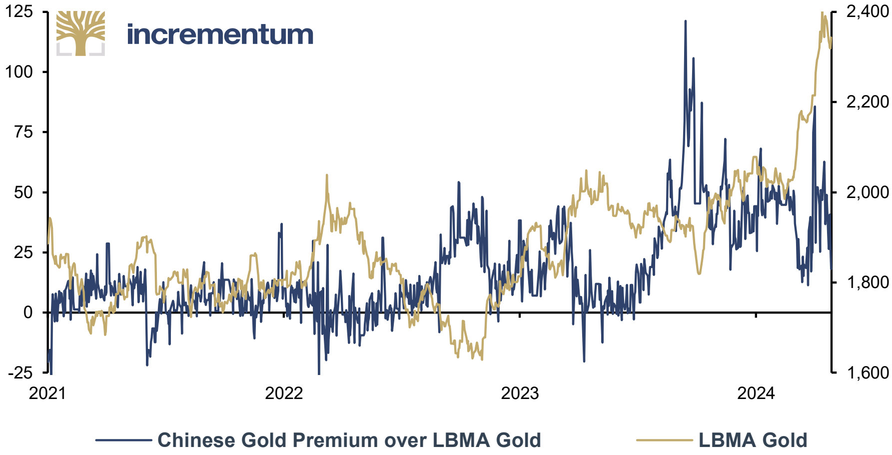
Consequently, a key element of the new gold playbook is that the Western financial investor is no longer the marginal buyer or seller of gold.[7] The significant demand from central banks and private Asian investors is the main reason why the price of gold has been able to thrive even in an environment of rising real interest rates.

How can the declining interest of Western financial investors in gold actually be explained? In our opinion, it seems that Western investors are stubbornly sticking to the old playbook for gold: rising real interest rates translate into a lower gold price and therefore lead to net-negative gold sales.

A reduction in gold ETF holdings when real interest rates rise is certainly a rational decision from the point of view of the players in the West, provided they assume that:

1. they are not exposed to increased counterparty risks and therefore have no need for a default-proof asset;
2. real interest rates will remain positive in the future and a second wave of inflation will not occur;
3. they suffer opportunity costs if they underweight traditional asset classes such as equities and bonds or even "concrete gold" (=real estate) at the expense of gold.

Chinese Gold Premium over LBMA Gold (lhs), in USD, and LBMA Gold, in USD, 01/2021–04/2024



Source: World Gold Council, Incrementum AG

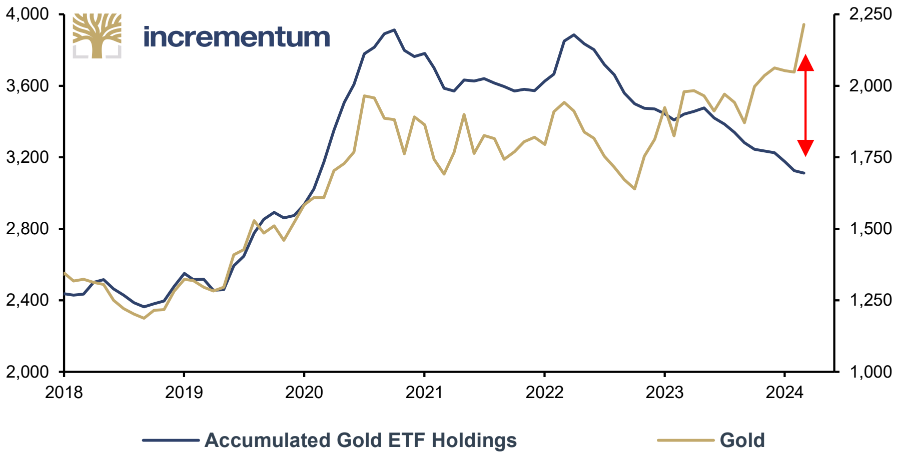
In our opinion, all three assumptions should be questioned – and that sooner rather than later:

Assumption 1: Even if counterparty risk is generally ignored when investing in Western government bonds, the sharp rise in government interest payments in particular is causing growing unease. Any remnants of budgetary common sense have been completely thrown overboard, most recently in the context of Covid-19 policy.

This *monetary climate change* – as we called it in the *In Gold We Trust* report 2021 – has continued even after the end of the pandemic. However, this budgetary nonchalance is now taking place in an environment of sharply rising interest rates and no longer one of low or even negative interest rates. Around 10 times as much had to be spent on interest payments for German federal debt in 2023 than in 2021.

An etatist attitude has prevailed in many countries. Fittingly, this year marks the 80th anniversary of the publication of *The Road to Serfdom,* by Friedrich A. Hayek. The Austrian economist famously dedicated this book to socialists of all parties. In addition to exorbitantly expensive projects such as the *Inflation Reduction Act* and the *European Green Deal* and the sharp rise in spending on a social system that is structurally insolvent as a result of ageing and immigration, Western governments are now looking for sources of funding to finance the announced increases in military spending.

Accumulated Gold ETF Holdings (lhs), in Tonnes, and Gold (rhs), in USD, 01/2018–03/2024



Source: World Gold Council, Incrementum AG

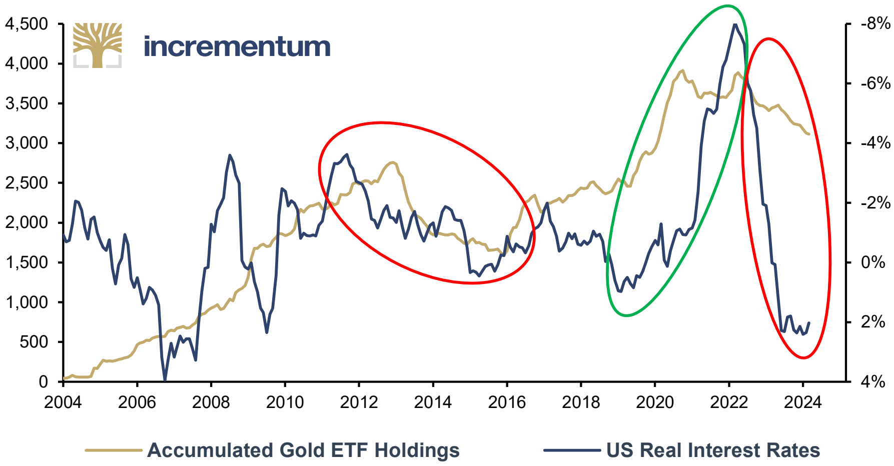
Don't buy gold. Own gold. When you buy something, it's usually a trade. When you own something, it's a very different mindset …The price? That will take care of itself.

Grant Williams

In addition, the already precarious budgetary situation of many countries is deteriorating due to the recent surge in interest rates. The significant increase in national debt in the wake of the Covid-19 pandemic and the energy crisis must also be digested. Compared to Q4/2019, i.e. the eve of the pandemic, US debt has risen by USD 11trn – and thus by around a third.

Assumption 2: Historically, overindebtedness has usually led to government financing by central banks, increased financial repression, and the use of inflation taxes. If this were to happen, real interest rates would fall again due to a new wave of inflation and, obviously, all the arguments would then speak in favor of investing more in gold.

Accumulated Gold ETF Holdings (lhs), in Tonnes, and US Real Interest Rates (inverted, rhs), 01/2004–03/2024



Source: World Gold Council, Incrementum AG

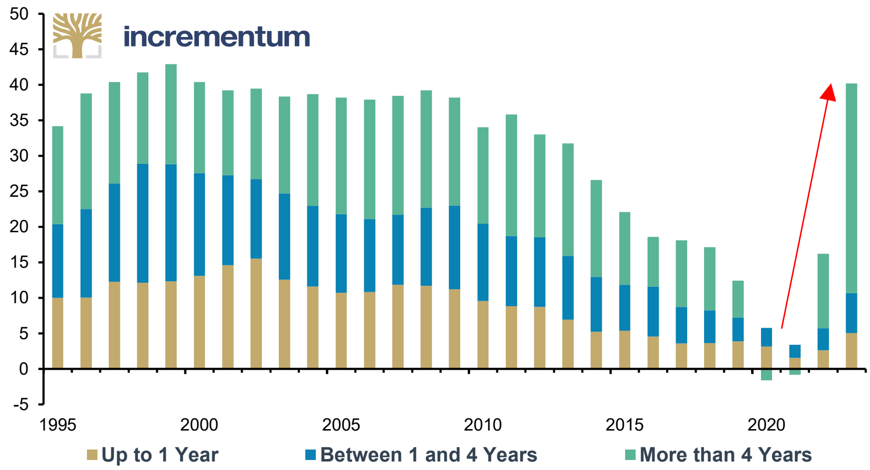
Performance of the S&P 500 vs. Gold during S&P 500 Bear Markets, 1929–2024

Date of Market High	Date of Market Low	S&P 500	Gold	Gold relativ to S&P 500
16.09.1929	01.06.1932	-86.19%	0.29%	86.48%
02.08.1956	22.10.1957	-21.63%	-0.11%	21.52%
12.12.1961	26.06.1962	-27.97%	-0.06%	27.91%
09.02.1966	07.10.1966	-22.18%	0.00%	22.18%
29.11.1968	26.05.1970	-36.06%	-10.50%	25.56%
11.01.1973	03.10.1974	-48.20%	137.47%	185.67%
28.11.1980	09.08.1982	-27.27%	-45.78%	-18.51%
25.08.1987	20.10.1987	-35.94%	1.38%	37.32%
16.07.1990	11.10.1990	-20.36%	6.81%	27.17%
17.07.1998	08.10.1998	-22.29%	1.71%	24.00%
24.03.2000	10.10.2002	-50.50%	11.18%	61.68%
11.10.2007	06.03.2009	-57.69%	25.61%	83.30%
21.09.2018	26.12.2018	-20.21%	5.59%	25.80%
19.02.2020	23.03.2020	-35.41%	-3.63%	31.78%
03.01.2022	10.12.2022	-10.90%	5.56%	16.46%
	Mean	**-34.85%**	**9.03%**	**43.89%**
	Median	**-27.97%**	**1.38%**	**29.35%**

Source: Reuters Eikon, Incrementum AG

Assumption 3: In the event of a weakening stock market, the opportunity costs would be low from the perspective of a potential gold investor. A slide in equity markets would probably be expected in the event of a significant slowdown in the US economy, and even more so if the US slipped into recession. Conversely, history has shown that gold has typically been an excellent portfolio component during recessions. We published an extensive analysis of this in the *In Gold We Trust* report 2023.[8]

German Interest Payments by Remaining Maturity, in EUR bn, 1995–2024



Source: German Financial Agency, Incrementum AG

The only way you can finance a deficit is by inflation. You cannot raise this amount by genuine borrowing. … A large government deficit is a certain way to inflation.

Friedrich A. von Hayek

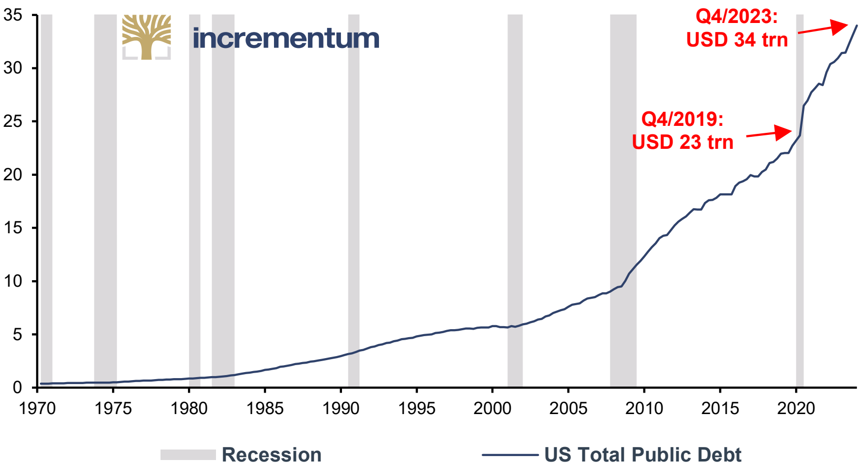
Because Western financial investors in particular have not yet realized that there is a new version of the gold playbook, gold remains on everyone's lips but is far from being in all portfolios. It seems that Western investors initially turned down the invitation to the gold party. Now that the party is gaining momentum, they do not want to admit they were party poopers. It could therefore happen that they will only come to this party when it is already in full swing, and then at a much higher "price of admission".

The low affinity for gold among large sections of the investment community was recently confirmed by a Bank of America study. In fact, 71% of US advisors have little to no gold allocation, i.e. it is less than 1% of their portfolio. We also see a similar lack of interest in gold mining stocks, which have largely lost the trust of investors in view of their disappointing performance.

The new gold playbook and the competition from Bitcoin

A key new aspect of the new gold playbook is that Bitcoin has established itself as a serious competitor to gold. The digital currency is challenging the status of the precious metal as the most important non-inflationary store of value.

US Total Public Debt, in USD trn, Q1/1970–Q4/2023

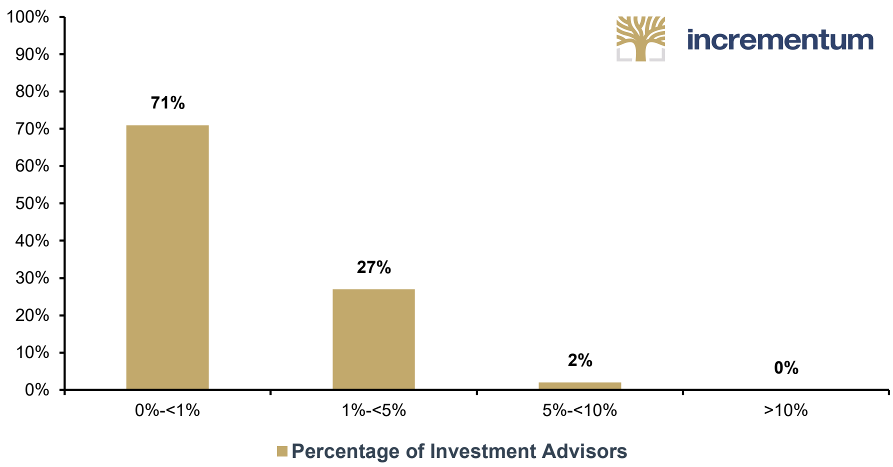


Source: Reuters Eikon, Incrementum AG

However, there is still a very long way to go before Bitcoin could outstrip gold. As of April 30, the market capitalization of all mined gold was around USD 15.6trn–212,582 tonnes at a price of USD 2,288 per ounce. For Bitcoin, the current price of USD 60,600 per coin results in a market capitalization of USD 1.2trn. This corresponds to around 7.7% of the market capitalization of gold. Assuming an unchanged gold price, the BTC price would need to nearly triple to, for example, reach 20% of the market capitalization of gold.

However, the fact that gold has gained new competition in the universe of non-inflationary assets need not be detrimental to gold per se. In line with the motto "Competition is good for business", it is quite conceivable that a critical examination of the unsustainability of the current monetary system could lead more and more investors to realize that, from a portfolio perspective, a combined investment in gold and Bitcoin is superior to the respective individual investments on a risk-adjusted basis. For years, our credo has been: "*Gold for stability, Bitcoin for convexity.*"[9]

Gold Allocation of Investment Advisors, 2023



Source: BofA Global Research, Crescat Capital, Incrementum AG

Bitcoin and Gold are the two most liquid alternative assets in the world. They are not in competition, play different roles, have global cross-border and cultural appeal, and come together as an all-weather inflation hedge.

Charlie Morris

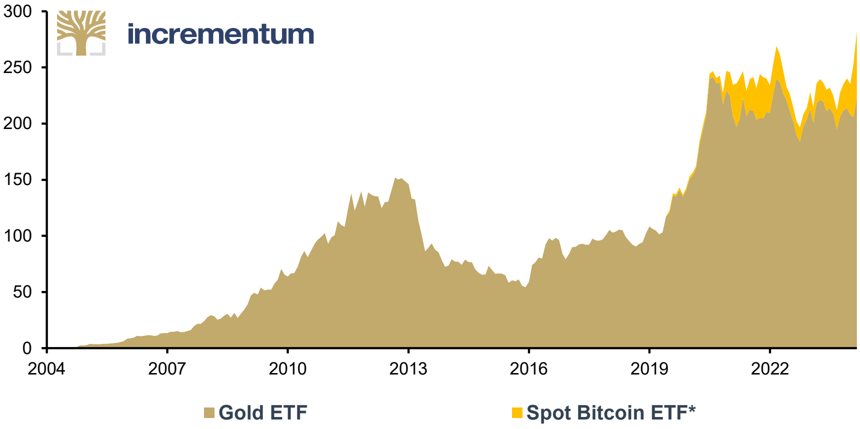
Other Highlights of This Year's In Gold We Trust report

- We analyze in detail the specific consequences of the new gold playbook for investment decisions. We also present our adaptation of the 60/40 portfolio, which is derived from the new gold playbook, and the new *Incrementum Active Aurum Signal*. This signal helps to determine the optimal moment to increase the weighting of performance gold.
  → Chapter "Mastering the new gold playbook"

- In view of the ongoing division of the world into two geopolitical and economic camps, the topic of de-dollarization is no longer just a theoretical consideration but is increasingly manifesting itself in economic policy decisions, international agreements, and everyday life.
  → Chapter: "Enter the Dragon: De-dollarization and the Eastern Push for Gold"

- We have a stirring discussion with Brent Johnson and Louis-Vincent Gave on the topics of the multipolarity of the global monetary order, the status of the US dollar as global reserve currency, and inflation
  → Chapter: "Debate between Brent Johnson und Louis-Vincent Gave – From Wedlock to Deadlock: The East-West Divorce"

Gold ETF and Spot Bitcoin ETF Holdings, in USD bn, 01/2004–03/2024



Source: hildobby, Reuters Eikon, Incrementum AG
*GBTC Holdings for the Period prior to Spot Bitcoin ETF Trading (01/11/2024)

- The growing importance of non-Western countries is also reflected in the increasing significance of the United Arab Emirates, and Dubai in particular, for the global gold trade
  → Chapter: "Dubai, the Golden Oasis driving the UAE Gold Market's Growth"

- In another chapter, we explore the question of whether gold is becoming an untouchable metal in the West through subtle stigmatization. In other words, we discuss the question of whether, instead of a legal ban on gold, a mental ban on gold is spreading in Western minds.
  → Chapter: "The Image Problem of Gold in the West"

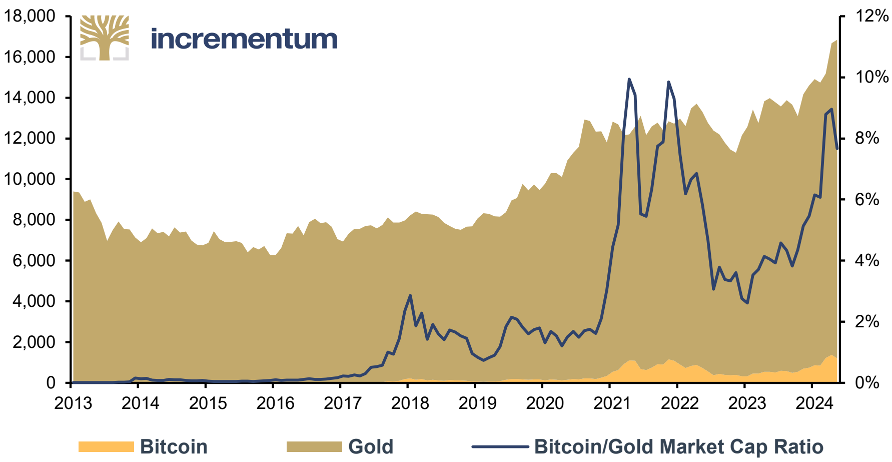
- An update on the situation of silver is provided, as gold's "little brother" could especially benefit from the energy transition
  → Chapter: "Breakout or Fake-out: Is this Silver's Golden Moment?"

- This year we are also taking a trip into the (distant?) future and into previously unexplored worlds.
  → Chapter: "Asteroid Mining and Deep-Sea Mining: Science Fiction or the Next Wave of Innovation in the Mining Space?"

- It has become a tradition that the *In Gold We Trust* report devotes a chapter to Bitcoin, the digital gold. This year's chapter focuses on the new Bitcoin playbook after the halving in mid-April and the rapidly approaching absolute scarcity of Bitcoin. We also present our idea of *Freebitcoin*, analogous to *Freegold*
  → Chapter: "The New Playbook for Bitcoin"

- In addition to the two traditional chapters "Mining Stocks – Fundamental and Technical Situation" and "Technical Analysis", three further chapters in this year's In Gold We Trust report deal with different aspects of the performance of gold:
  → "An Alternative Perspective for Framing the Gold Price Based on Fundamentals"
  → "Calendar Anomalies and the Gold Market"
  → "The Valuation and Beta of the Gold Mining Industry"

Market Cap of Gold and Bitcoin (lhs), in USD bn, and Bitcoin/Gold Market Cap Ratio (rhs), 01/2013–04/2024

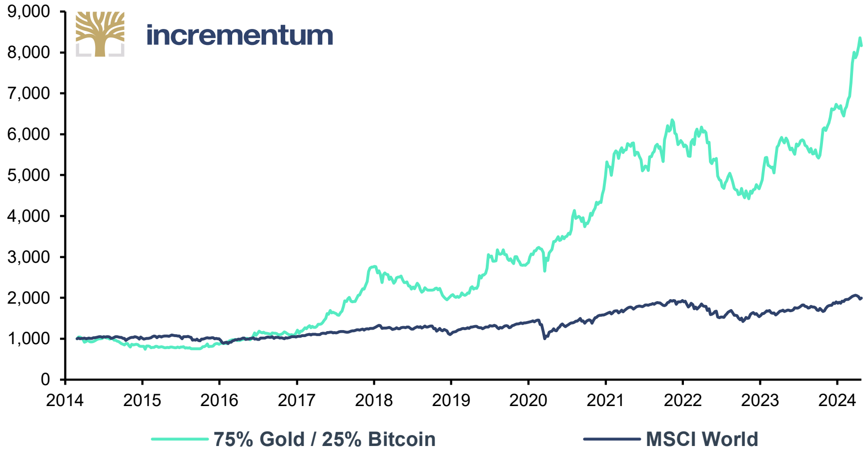


Source: Reuters Eikon, World Gold Council, coinmarketcap.com, Incrementum AG

Thank you very much!

"Almost all books on gold are boring", is how Roland Baader begins the foreword to his book *Gold: Last Resort or Catastrophe?*. With our *In Gold We Trust* report, we try to prove the opposite in an informative way: Gold is always interesting, because it reflects the state of the global economy, the monetary architecture, and also society. **Year after year, the *In Gold We Trust* report strives to live up to its reputation as "the gold standard of gold studies" and to be the world's most recognized, most widely read, and most comprehensive analysis of gold.** You, dear readers, are our greatest incentive.

75% Gold / 25% Bitcoin*, and MSCI World, 1,000 = 02/2014, 02/2014–04/2024



Source: Reuters Eikon, Incrementum AG
*Weekly Rebalancing

Every year, we retreat to our bower for a few weeks to reflect, research facts and figures, and finally write the *In Gold We Trust* report. After all, we not only want to offer you a comprehensive analysis of current developments, but also to present historical, philosophical, and theoretical economic insights on the topic of gold. We are happy to admit that this is somewhat easier for us in years when the price of gold significantly increases.

This 18th edition of the *In Gold We Trust* report features a premiere: For the first time, our newly founded Sound Money Capital AG is acting as publisher. However, the *In Gold We Trust* report continues to be published in cooperation with Incrementum AG. We would like to take this opportunity to thank our partners at Incrementum AG, who support us as experienced sparring partners in matters of market analysis, company valuation and fund management.

We would also like to thank our more than 20 fantastic colleagues on four continents[10] for their energetic and tireless efforts over more than 20,000 hours and countless time zones.

Last but not least, special thanks go to our premium partners.[11] Without their support, it would not be possible to make the *In Gold We Trust* report available free of charge and to expand our range of services year after year. In addition to the annual publication in four languages, we provide our *Monthly Gold Compass* every month as well as ongoing information on our *In Gold We Trust* report homepage at ingoldwetrust.report.

We believe that dealing with the past is essential to successfully preparing for the future. This examination has led us to the conviction that now is the time for a new gold playbook. We would like to present this to you, our valued readers, as a guide to the topic of gold in the almost 400 pages of the *In Gold We Trust* report 2024.

Now we invite you on our annual expedition and hope that you enjoy reading our 18th *In Gold We Trust* report as much as we have enjoyed writing it.

With best regards from Liechtenstein,
Ronald-Peter Stöferle and Mark J. Valek

Endnotes

1 Like the queen, the bishop's ability to move has also been extended. Originally the bishop could only jump two squares diagonally, but after the rule change it could move any number of squares diagonally. This change increased the range and effectiveness of the bishop. After the rule change, the pawns could also move two squares forward in the starting position instead of always making only one move forward.
2 "Introduction: of Wolves and Bears," *In Gold We Trust* report 2022, p. 9
3 See "The Rise of Eastern Gold Markets: An Impending Showdown with the West," *In Gold We Trust* report 2023 ; "From West to East: Gold's Flow into the 'Strong Hands' of Asia," *In Gold We Trust* report 2020
4 We have published an in-depth analysis of this astonishing World Bank study on X.
5 See, i.a. "De-Dollarization: The Final Showdown?," *In Gold We Trust* report 2023; "A New International Order Emerges," *In Gold We Trust* report 2022; "De-Dollarization 2021: Europe Buys Gold, China Opens a Digital Front," *In Gold We Trust* report 2021; "De-Dollarization 2020 – The Endgame Has Begun," *In Gold We Trust* report 2020
6 See also "Exclusive Interview with Zoltan Pozsar: Adapting to the New World Order," *In Gold We Trust* report 2023
7 See, among others, "The Rise of Eastern Gold Markets: An Impending Showdown with the West," *In Gold We Trust* report 2023; "From West to East: Gold's Flow into the 'Strong Hands' of Asia," *In Gold We Trust* report 2020
8 See "The Showdown in Monetary Policy," *In Gold We Trust* report 2023
9 You can find more information on our investment strategies at www.incrementum.li/en/investment-funds/. For Bitcoin enthusiasts, we also offer a quarterly publication, the Bitcoin Compass. You can download it free of charge at www.incrementum.li/en/btc-compass/.
10 All colleagues are pictured in the gallery at the end of the *In Gold We Trust* report.
11 At the end of the *In Gold We Trust* report you will find an overview of our Premium Partners, including brief descriptions of the companies.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The Gold Standard of Gold Research

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Quo Vadis, Aurum?

Any well-diversified portfolio should contain gold, and, at present, we'd recommend an aggressive overweight. That will act as a hedge against geopolitical and fiscal risks, offer a safe harbor against a breakdown in the equity bull-run, and give positive exposure to the coming easing cycle and period of dollar weakness. Don't be afraid to go in at current levels.

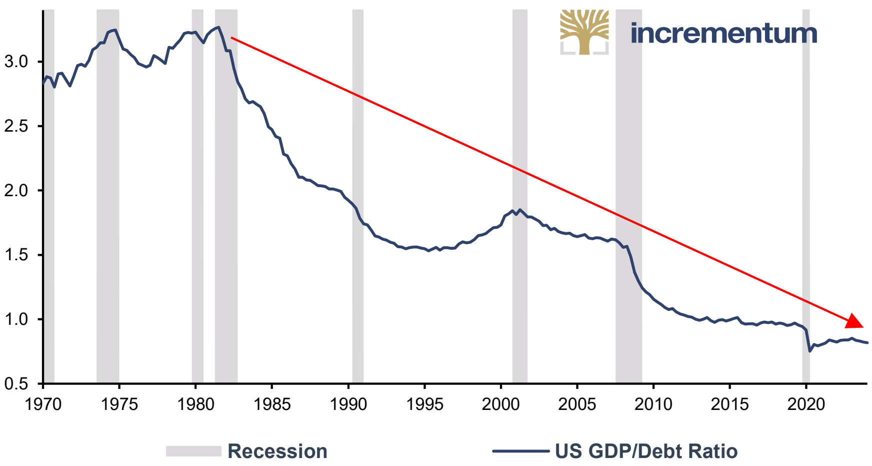
Dave Rosenberg

In the world of sports, new and innovative playbooks have regularly overturned existing paradigms. Bill Belichick of the New England Patriots has had a lasting impact on the NFL with his ability to adapt game plans precisely to the opponent, with the flexibility of his offensive and defensive systems, but also with his psychological warfare. Under Belichick's guidance, Tom Brady, who was selected as only the 199th draft pick in 2000, quickly developed into a true *difference maker*. Their partnership led the Patriots to six Super Bowl victories and made the two the most successful quarterback-coach team in NFL history. Belichick's most famous line is "*Do your job*". This reflects his philosophy that everyone on the team must perform their role precisely to ensure overall success.

The same applies to asset allocation. Each asset class has its role to play. If used correctly, gold could become a real *difference maker* in the portfolio within the framework of the new gold playbook.

Gold Vigilantes – Gold as an Early Warning of a Geo-economically Induced Recession?

US GDP/Debt Ratio, Q1/1970–Q1/2024



Source: Reuters Eikon, Incrementum AG

"The biggest financial event of 2023 has been the recession that never arrived," **says our friend Trey Reik.** We had also described a US recession as a likely scenario in the *In Gold We Trust* report 2023, "Showdown". To our surprise (but not only ours), this has so far failed to materialize. **But why has the US been spared a recession so far despite a sharp rise in interest rates?** The still very high budget deficit and the continuing spending spree of consumers, fueled by strong nominal wage increases and the robustness of the labor market, are two important reasons. In addition, the US is benefiting from increasing re-industrialization and the still very loose financing conditions for US companies.

However, the following chart will occasion little joy in the camp of Keynesian-minded admirers of the current "economic miracle". It shows GDP divided by national debt. You can see the diminishing marginal return of an additional unit of debt on GDP. As soon as the dose of debt is not further increased, the withdrawal symptoms will likely be painful.

Even if *nevercession* and *no landing* are now the consensus view on economic development in the US, we remain suspicious of the various goldilocks and landing scenarios. **After all, history shows that tightening cycles have almost always ended in a recession.**

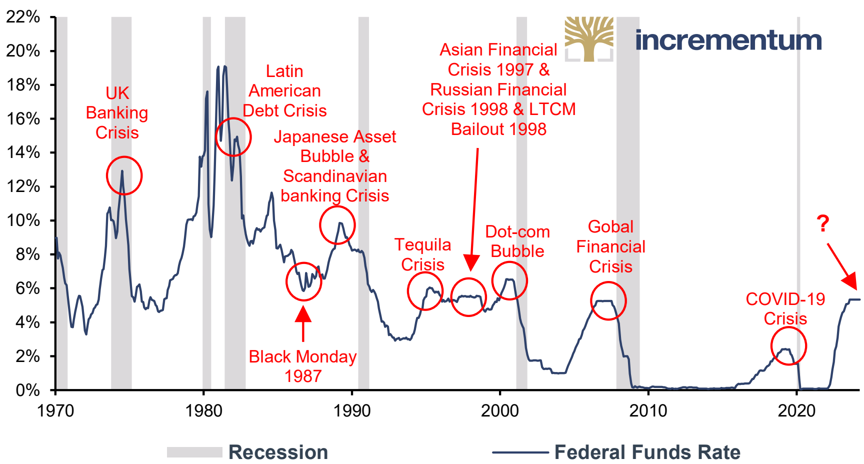
Perhaps the gold price is once again proving its portfolio characteristic as the sixth sense of the financial markets?

However, let's ignore the scenario of a recession in a "conventional" economic cycle for a moment. In the 1970s in particular, gold price outbreaks were preceded by recessions that had geo-economic triggers. After the gold price outbreak in 1972, for example, the US entered a recession in November 1973. This was triggered by the oil embargo in response to Western support for Israel in the Yom Kippur War in October 1973. After the gold price outbreak of 1978, the US slipped into recession in February 1980 as a result of the energy crisis triggered by the Iranian Revolution, while the inflation rate in the US rose to just under 15%.

It is little known that the rise in oil prices in the early 1970s was a direct reaction of the OPEC states to the closure of the gold window on August 15, 1971. This "temporary" decoupling of the US dollar from gold was interpreted by OPEC members as a devaluation of the US dollar, which reduced their real oil revenues accordingly. This is documented by the minutes of the 25th (extraordinary) meeting of OPEC on October 7, 1971, in Vienna, which OPEC was kind enough to provide to us exclusively.

Even today, there is sufficient potential for a geo-economically induced recession as part of the geopolitical showdown. In fact, this historic OPEC document reminds us of the statement made by Gazprom CEO Alexei Miller in June 2022: "The game of nominal value of money is over, as this system does not allow to control the supply of resources. Our product, our rules. We don't play by the rules we didn't create."

Federal Funds Rate, 01/1970–04/2024



Source: Reuters Eikon, Incrementum AG

The risk of an oil or commodity shock deliberately caused for political reasons is underestimated by many market participants despite the ongoing spiral of sanctions. To paraphrase Mark Twain, imagine that the BRICS+ countries artificially shortage large parts of the commodities market (oil, natural gas, agricultural commodities, copper, nickel, rare earths, etc.) in a rhyming repeat of the 1970s. This would trigger another wave of inflation, which would have the potential to cause much worse economic turbulence than that of the past few quarters. **Political and social unrest could be expected in this case.**

having considered the report of the Secretary General concerning the recent international monetary developments and their adverse effects on the purchasing power of the oil revenue of Member Countries;

noting that these developments have resulted in a de facto devaluation of the United States Dollar, the currency in which posted prices are established, vis-à-vis the currencies of the major industrialized countries;

recalling Resolution XXI.122 which calls, inter alia, for adjustment in posted or tax-reference prices so as to offset any adverse effect resulting from de facto or de jure changes in the parity of monies of major industrialized countries;

resolves

1. that Member Countries shall take necessary action and/or shall establish negotiations, individually or in groups, with the oil companies with a view to adopting ways and means to offset any adverse effect on the per barrel real income of Member Countries resulting from the international monetary developments as of 15th August, 1971.

2. that the results of negotiations shall be submitted to the next Conference. In case such negotiations fail to achieve their purpose, the Conference shall determine such action as necessary for the implementation of this Resolution.

Source: OPEC

Even without such concerted action, there are sufficient indications that the commodity-rich emerging markets are continuing the process of de-dollarization that has been going on for some time. **The geopolitical implications of this decoupling process are reflected in the following recent quote from US presidential candidate Donald Trump:** "I would not allow countries to go off the dollar because when we lose that standard, that will be like losing a revolutionary war. That will be a hit to our country." It can be assumed that the geopolitical showdown towards a multipolar order will be with us for some time to come. In the best-case scenario, it will continue to take place on a regional basis; **in the worst-case scenario, we are already in the *Thucydides Trap* without having realized it yet.**

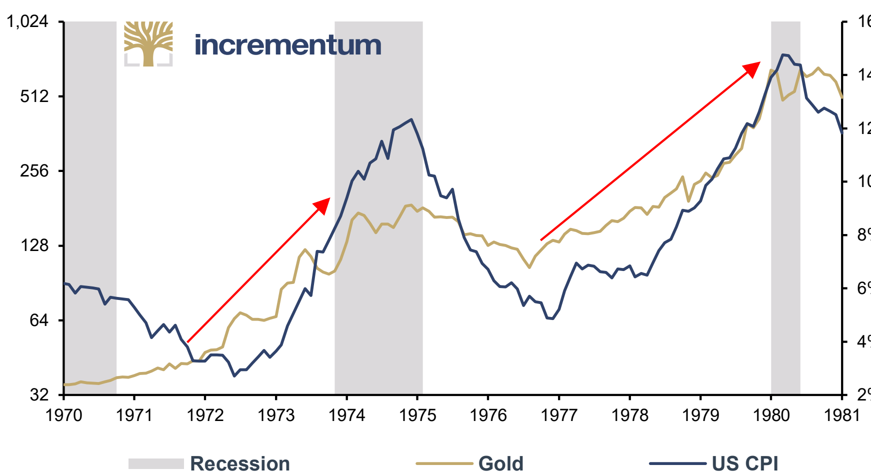
The New Gold Playbook and the Limits of Debt Sustainability

Any remnants of fiscal sanity were finally thrown overboard by Western countries as part of Covid-19 policy. This *monetary climate change*, as we called it in 2021, is still in full swing and has by no means reversed even after the end of the pandemic. In addition to costly initiatives such as the *Inflation Reduction Act,* the *Green New Deal,* and the sharp rise in spending on a social system that is structurally underfunded as a result of the demographic situation, there is now also the need to cope with the financing of military rearmament.

In addition, the fiscal situation of many countries is deteriorating due to persistently high budget deficits and the recent significant rise in refinancing costs. The significant increase in national debt in the wake of the Covid-19 pandemic is now also taking its toll. Compared to Q4/2019, i.e. on the eve of the Covid-19 pandemic, US debt has risen by USD 11trn or around 50% (!). **And there seems to be no end in sight to the debt binge.**

A decisive factor here is the financing structure and the remaining term of the bonds already issued. This has a significant influence on how quickly the rise in interest rates will affect interest payments. **The average maturity of US federal debt is currently only 70.7 months.** In recent

Gold (lhs, log), in USD, and US CPI (rhs), 01/1970–12/1980



Source: Reuters Eikon, Incrementum AG

> *Hence now that almost every market guru has walked back their recession call, wouldn't it be just typical if the US economy now slides into recession?*
>
> **Albert Edwards**

years, a particularly large number of short-term debt instruments have been issued, which has further increased interest rate sensitivity. It can be assumed that the increasingly short financing should limit the rise in long-term yields. On the other hand, this also implicitly gives the Federal Reserve a greater incentive to lower interest rates sooner rather than later.

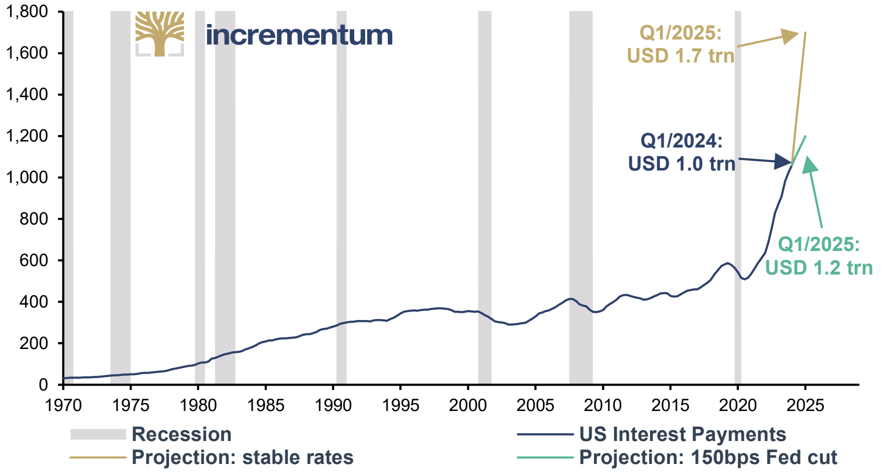
For its long-term forecast, the CBO assumes an average interest rate on US government debt of 4% over the next three decades. This is significantly higher than the current average interest rate of around 3.2%, but at the same time significantly lower than the current yield. The consequence of an increase in the average interest rate to the 4% assumed by the CBO would be a US budget deficit of around 10% of GDP. Every further increase of a percentage point would raise interest payments by an additional USD 2.8trn over 10 years. **That would be around 75% more than the entire (!) current deficit.**

Increased recourse to the many different instruments of financial repression therefore seems as certain as the "Amen" that concludes a prayer. Possible measures range from interest rate caps and quantitative and qualitative easing to hidden or open non-servicing of debt, particularly in the case of social security benefits. Capital controls, competitive devaluations ("currency wars"), and significantly higher income and, especially, wealth taxes are also likely to be on the political agenda. We have already dealt with the various facets of financial repression several times in the *In Gold We Trust* report.[1]

In an extremely perspicuous commentary, Niall Ferguson presents another lesson from the rich history of fiscal intemperance, providing an additional argument for why the current period of geopolitical instability will be with us for some time to come:

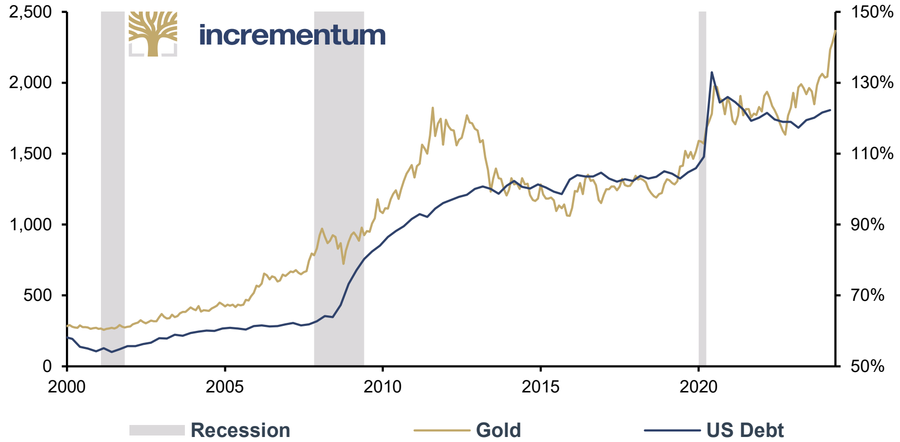
> *My sole contribution to the statute book of historiography – what I call Ferguson's Law – states that any great power that spends more on debt service (interest payments on the national debt) than on defense will not stay great for very long. True of Hapsburg Spain, true of ancien régime France, true of the Ottoman Empire, true of the British Empire, this law is about to be put to the test by the US beginning this very year, when (according to the CBO) net interest outlays will be 3.1% of GDP, defense spending 3.0%. Extrapolating defense spending on the assumption that it remains consistently 48% of total discretionary spending (the average of 2014-23), the gap between debt service and defense is going to widen rapidly in the coming years. By 2041, the CBO projections suggest, interest payments (4.6% of*

US Interest Payments, in USD bn, 01/1970–01/2025e



Source: BofA Global Investment Strategy, Reuters Eikon, Incrementum AG

Gold (lhs), in USD, and US Debt (rhs), as % of GDP, 01/2000–04/2024



Source: Reuters Eikon, Incrementum AG

Hence now that almost every market guru has walked back their recession call, wouldn't it be just typical if the US economy now slides into recession?

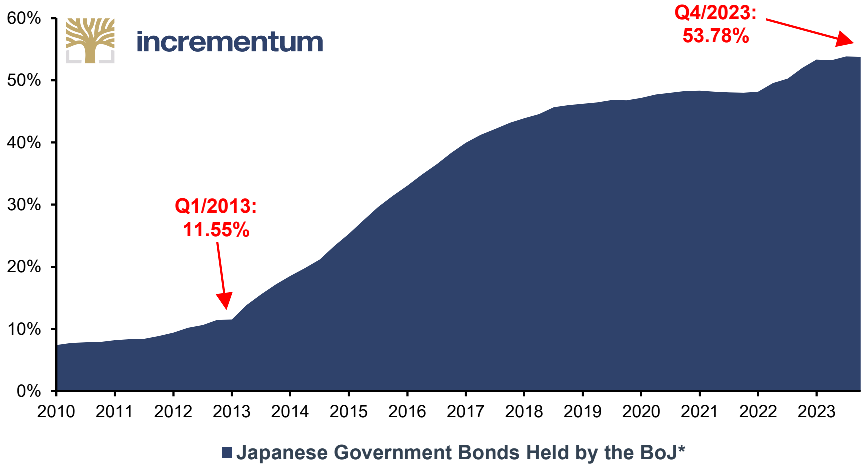
Albert Edwards

GDP) will be double the defense budget (2.3%). Between 1962 and 1989, by way of comparison, interest payments averaged 1.8% of GDP; defense 6.4%.

But 2024 is also the year of elections. Around half of the world's population will elect a new president or parliament this year. The most relevant election for international world affairs will undoubtedly take place – no, not in Austria – in the US. The key question for gold investors is, will the expected mud-slinging and its outcome have a direct impact on the gold price? Our answer: If at all, then only in the short term. After all, fiscal math in the US and elsewhere cares very little about the question of who the incumbent president or the ruling party (coalition) is. Rather, the fiscal legacy of political leaders' predecessors provides either a narrower or a broader framework. Luke Gromen suggests that the US election has much in common with the classic "coyote versus roadrunner" sequence, in which the squabble over who gets to hold the stick of dynamite with the burning fuse.

In the eurozone, it is slowly being realized that not only Italy is a potential problem child, but also France. In mid-April, France had to revise its deficit forecast upwards from an already high 4.4% to 5.1%. France is now as far away from meeting the Maastricht criteria as Vaduz is from Vanuatu. The relaxation of EU debt rules finally agreed at the end of April – packaged as greater consideration for the debt situation in the respective EU member states – will not bring Vaduz any closer to Vanuatu, nor will it make politicians who are happy to spend more disciplined. Moreover, in France – in contrast to Italy, for example – the corporate sector and private households also have above-average levels of debt. In other words: **At almost 330% of GDP, the total debt of all three economic sectors in France is the highest in Europe. This is around 80 percentage points higher than in Italy and more than 60 percentage points higher than in the US.** Japan leads the world with just over 400%.

Japanese Government Bonds Held by the BoJ*, Q1/2010–Q4/2023



Source: Bank of Japan, Incrementum AG
*excl. Treasury Bills

Japan on the brink of debt sustainability?

While the central banks of Western industrialized nations have all implemented significant monetary tightening in the last two years, the Bank of Japan (BoJ) has steadfastly maintained its zero interest rate policy. In response to the neo-Keynesian mantra that Japan has all too often been plagued by falling consumer prices over the past two decades, the recent rise in inflation is now being hailed as a cure for the supposed deflationary plague. Inflation, which is now well away from deflationary territory, should under no circumstances be jeopardized by monetary policy countermeasures.

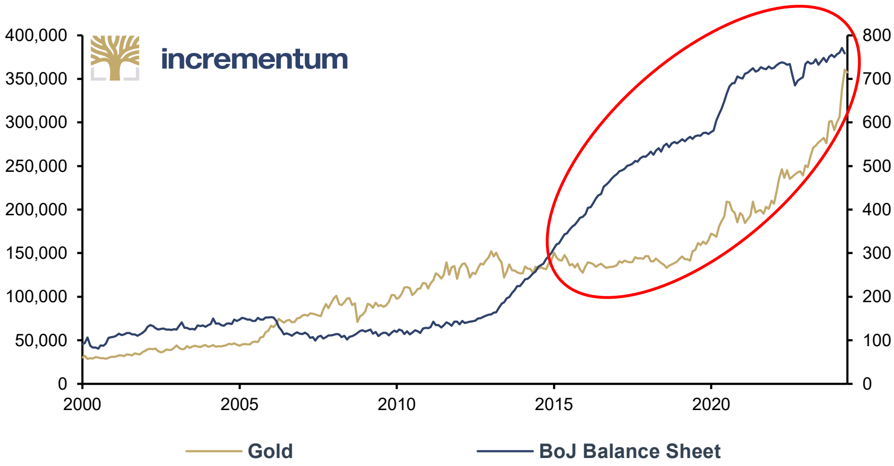
It is well known that Japan is the global leader in terms of national debt.[2] This is not recognized as a serious problem by the majority of investors and analysts, as it is commonly argued that the government debt is held domestically. In reality, however, the BoJ now holds more than half of Japan's outstanding government bonds on its balance sheet. This restricts the central bank's ability to act, as a sale of debt instruments by the central bank into the market – i.e. quantitative tightening – would make the government's financing costs skyrocket.

The Japanese yen has come under increasing pressure over the past year due to the interest rate differential between the BoJ and other major central banks. In response, the Bank of Japan (BoJ) recently introduced a new monetary policy strategy that could act as a blueprint for a new playbook for (Western) central banks. On March 19, the BoJ raised interest rates moderately, meaning that nominal interest rates are no longer negative for the first time in 17 years. The BoJ also announced the end of its yield curve control (YCC) policy. It is particularly noteworthy that, in an unprecedented but unsurprising move in view of government debt of 263% of GDP, it is maintaining its QE program with monthly JGB purchases of USD 40 billion.

This is the first time that a central bank has combined conventional interest rate hikes with balance sheet expansion through QE. This amounts to a monetary policy oxymoron, as it effectively means tightening while easing monetary policy conditions. Has the BoJ once again positioned itself as a trendsetter for the monetary policy vanguard? In any case, the yen has continued its downward trend since then. At the end of April, it broke through the 155 mark against the US dollar for the first time since 1990. The exchange rate proceeded to fall below the 160 mark until a sharp correction caused the yen to appreciate by around 3% in a very short space of time.

Japanese investors, confronted with a depreciating currency and low interest rates, are increasingly turning to gold as a means of storing value. This is particularly evident in the heavy rush for the *MUFG Gold ETF*, which recorded a premium of 12.5% above its net asset value due to immense demand. No wonder, given the fact that the gold price in yen rose by almost 25% in the first four months of the year, after gaining +21.6% in the previous year. Since 2019, the increase has been more than 150%. Investor demand – which is very volatile in Japan – exploded by 228% in 2023 compared to 2022.

Gold (lhs), in JPY, and BoJ Balance Sheet (rhs), in JPY trn, 01/2000–04/2024



Source: Reuters Eikon, Incrementum AG

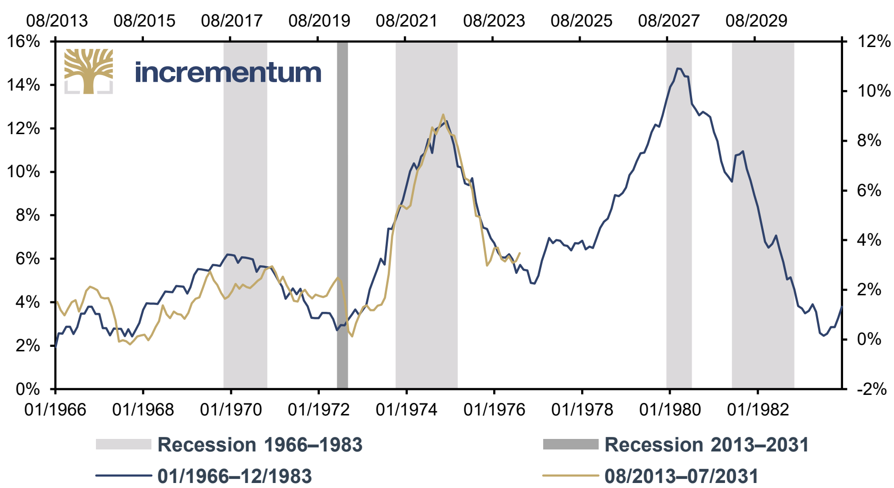
In view of these unpleasant facts, we are more convinced than ever that **financial and sovereign debt crises could soon no longer be the exclusive domain of developing and emerging countries, but could also become part of everyday (economic) policy in one industrialized country or another**. The crucial question is whether the response will be in the form of (nominal) payment defaults or currency devaluation**.**

The New Gold Playbook in the Age of Elevated Inflation Rates

"The age of the Great Moderation is over" has been a central message of our keynotes and studies in recent years. Due to the increasing fiscal dominance, it is unlikely that the monetary authorities will be able to consistently combat inflation. We continue to expect structurally higher inflation rates and persistently high inflation volatility. The last few months have shown just how persistent inflation can be. Looking back at the three waves of inflation in the late 1960s and 1970s, the similarity to the current development is indeed striking.

Will price stability now be sacrificed to ensure the financial viability of government debt? In his remarkable paper for the Federal Reserve Bank of St. Louis, entitled "Fiscal Dominance and the Return of Zero-Interest Bank Reserve Requirements", Prof. Charles Calomiris paints a clear picture of this scenario. As soon as a bond auction fails, i.e. no creditors can be found at an interest rate acceptable to the US Treasury, the government would resort to non-interest-bearing bonds, i.e. the printing press, instead of interest-bearing bonds, and finance itself via the inflation tax.

US CPI, yoy, 01/1966–12/1983 (lhs), and 08/2013–07/2031 (rhs)



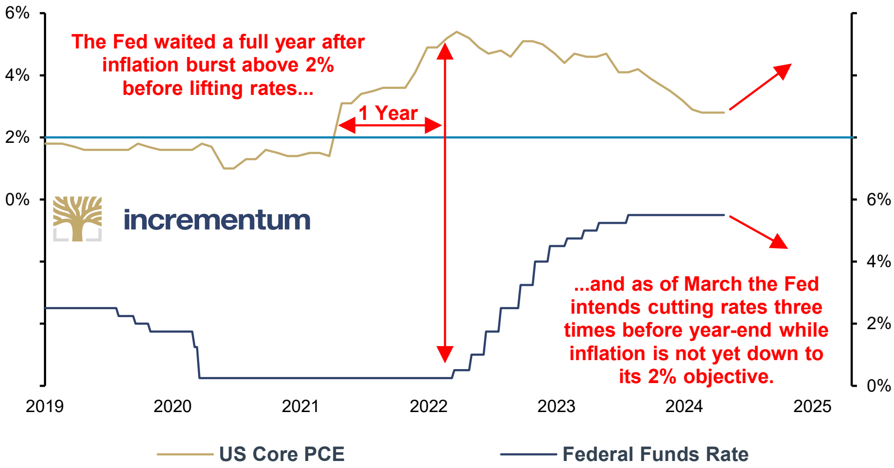
Source: Andreas Steno, Reuters Eikon, Incrementum AG

Fiscal dominance leads governments to rely on inflation taxation by 'printing money' (increasing the supply of non-interest-bearing government debt). To be specific, here is how imagine this occurring: When the bond market begins to believe that government interest-bearing debt is beyond the ceiling of feasibility, the government's next bond auction "fails" in the sense that the interest rate required by the market on the new bond offering is so high that the government withdraws the offering and turns to money printing as its alternative.

Even if history never repeats itself one-to-one, another wave of inflation is definitely within the realm of possibility. This is also due to the fact that the base effect with its double distortion – initially upwards for a year and then downwards for a year after the one-off price shock has subsided – will soon be completely removed from the inflation calculation. The elimination of the negative base effect in energy and food prices will no longer pull the inflation rate down any further.

The playbook has also changed on the central bank policy side. The world's central banks appear to have an increasingly asymmetrical view of inflation. The following chart illustrates this asymmetry well. After inflation rose above 2% in 2021, the Federal Reserve hesitated for a whole year due to its misjudgment that inflation was merely "transitory". By contrast, according to the FOMC minutes of March 2024, the Federal Reserve intends to cut interest rates three times this year, even though inflation has not yet fallen to the 2% target. It is obvious that this pro-inflation bias of the central banks can also be explained by the continuing rise in debt levels and the marked increase in financing costs, even if the central banks are careful not to answer any questions about the sustainability of the debt burden, under the guise of maintaining an apolitical stance.

US Core PCE (lhs), and Federal Funds Rate (rhs), 01/2019–04/2024



Source: Canaccord Genuity, Reuters Eikon, Incrementum AG

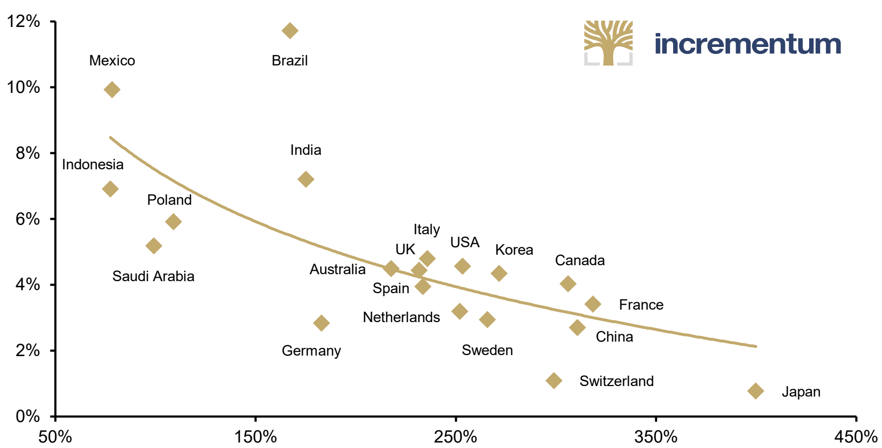
Against the backdrop of structural over-indebtedness, further adjustments to monetary policy targets, including adjustments to inflation targets, are quite likely. Olivier Blanchard, former chief economist at the IMF, has suggested, for example, that an inflation target of 3–4% could be more effective than the traditional 2% target.

Many of the leading central banks have already adapted their inflation targets in recent years. In 2020, the Federal Reserve changed its inflation target by switching to an inflation target of "2% over the long run". Shortly afterwards, the ECB followed suit and revised its inflation target in 2021 from "below, but close to, 2%" to a target of "symmetric 2% over the medium term". This superficially minor-sounding change was nevertheless significant, as it generally classifies inflation rates above 2% as tolerable and therefore allows for faster currency devaluation on average.

Remarkable detail in passing: When inflation began to rise in spring 2021, the central banks of the emerging markets reacted much earlier and more decisively than those of the industrialized countries, which had long been under the illusion that inflation was just a "hump". The reason for this divergence is that inflation and therefore the fight against inflation were nothing new for the emerging markets, while the industrialized countries were lulled into a false sense of security by the Great Moderation. Applied to the world of central banks, it seems as if emerging markets are aware of the dangers of running the printing press too hot, while their Western counterparts are not.

We have seen a gradual erosion of the definition of price stability in the industrialized countries in the recent past. It is quite likely that Western central banks will allow further implicit or sometimes even explicitly higher inflation rates. **What would this mean for the population's inflation expectations, real interest rates and, by extension, gold?**

Total Debt (x-axis) vs. Interest Rates (y-axis), Q3/2023

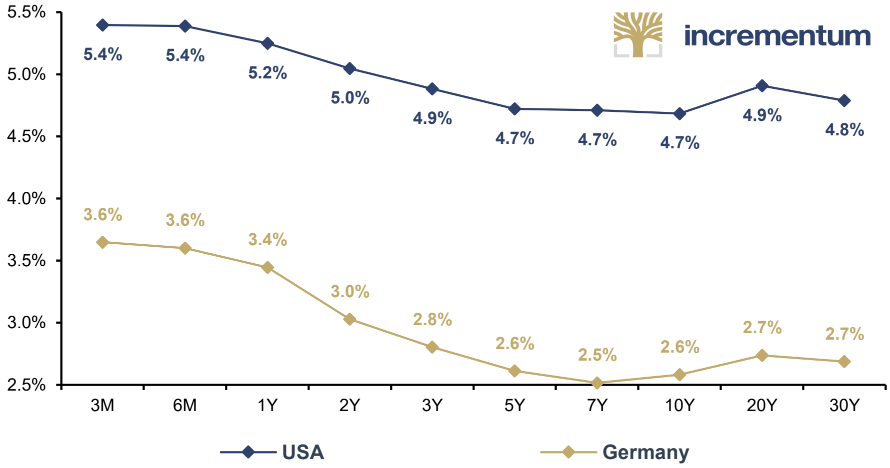


Source: Gainesville Coins, BIS, Reuters Eikon, Incrementum AG

What Does the New Gold Playbook Mean for Investors?

Monetary climate change, the escalating geopolitical showdown, and rising financing costs, exacerbated by "higher for longer" interest rates, have far-reaching consequences. Reaching the limits of debt sustainability provides a strong systemic incentive for further inflation. In an age of immanent over-indebtedness and therefore a permanent latent risk of inflation, there is one big loser among all asset classes: bonds.

Yield Curve, USA, and Germany, 04/2024



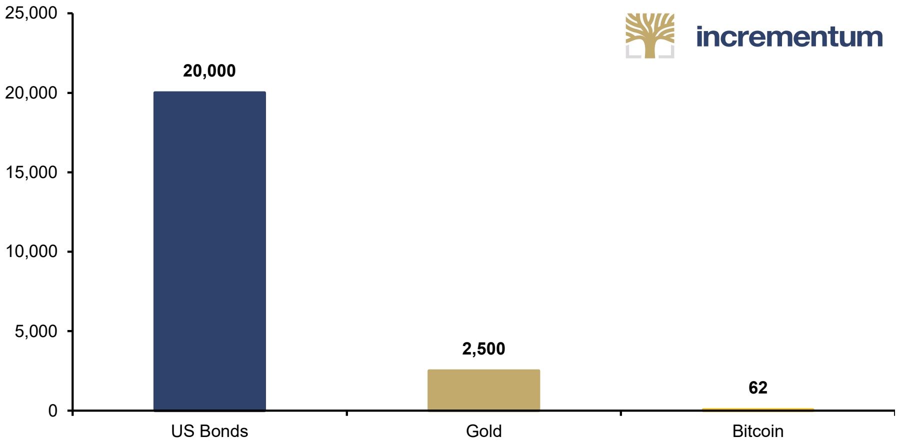
Source: Reuters Eikon, Incrementum AG

"Anything but bonds" (ABB) – this pointed phrase reflects the growing skepticism towards fixed-interest government bonds in particular. Even if the zero interest rate terrain has been left behind and it is indeed possible to earn notable nominal yields on bonds again, we believe that one should not uncritically succumb to the lure of nominal interest rates. Especially when you think about investments with longer maturities, which currently continue to yield significantly less than short-term investments. Following the disastrous 2022 bond year, in which 30-year US government bonds suffered losses of over 30%, another negative performance is on the horizon this year. At the end of April, long-dated Treasuries were down almost 10%. **Falling confidence in government bonds is ultimately nothing other than increasing mistrust in the value of the government currency.** Such a loss of confidence has only occurred in part so far. **The stakes remain high.**

This declining confidence in bonds is of course no coincidence. Our esteemed friend Lyn Alden summarizes the current fiscal situation as follows: In an era of fiscal dominance, the supply of bonds is steadily increasing. Deficits of USD 1.5 to 2.5trn – with an upward trend – are to be expected in the US in the future and will therefore also have to be financed via bonds. This means that in the coming decade alone, in addition to maturing US government bonds, a further USD 20trn or so of new US government bonds will be issued.

In contrast, it is estimated that the amount of newly mined gold will only reach a value of USD 2.5trn at constant prices over the next 10 years if the production rate remains constant. The supply of bitcoins calculated on the basis of the current Bitcoin price will increase at an even lower rate. In the next 10 years, which corresponds to 2.5 halving cycles, exactly 1,025,390,925 bitcoins will be mined. At current price levels of around USD 60,000, this corresponds to a value of just under USD 62bn. Strong price increases in gold and Bitcoin are therefore to be expected, especially if investors start looking for alternative bond classes on a large scale. According to Alden, selected quality stocks are also suitable as an alternative.

Expected Additional Supply of US Government Bonds, Gold and Bitcoin Until 2034 at Current Prices, in USD bn

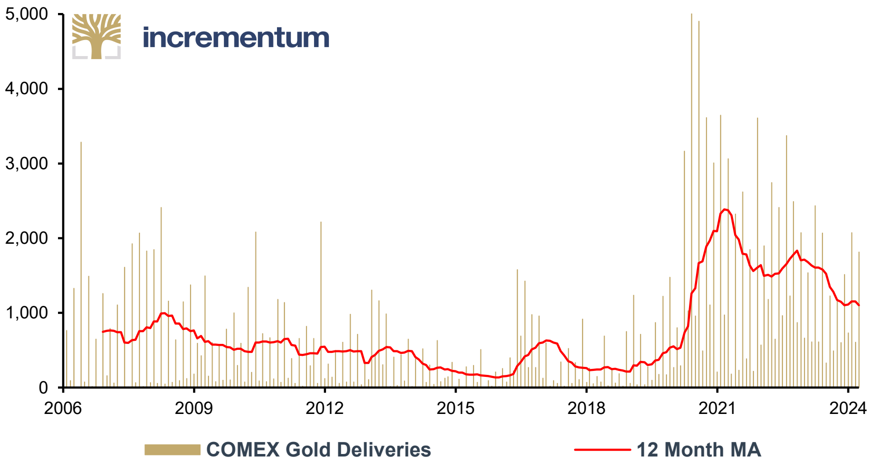


Source: Lyn Alden, Reuters Eikon, World Gold Council, Incrementum AG

There is also the growing impression that trust in the political elites is clearly waning in many countries. This is not good news, because fundamental institutions such as the law, media, science, but also the monetary and market economy in particular, are dependent on a high minimum level of trust. We already addressed this issue in the *In Gold We Trust* report 2019, "Gold in the Age of Eroding Trust", and the issue has unfortunately become increasingly relevant. However, we could also change our perspective and ask how many politicians still trust their people or the voters of other parties.

Another indication of eroding confidence is the fact that more and more market participants prefer physical delivery of gold. In 2020, investors increasingly began to demand physical delivery of gold when their gold futures matured. If we compare physical deliveries since before the outbreak of the pandemic, we can see that although deliveries have fallen again significantly after the explosion in physical deliveries at the beginning of the pandemic, they are still at a significantly higher level. The identity of the buyers often remains uncertain. However, we assume that they are mainly family offices, HNWIs, and government buyers who are not very price-sensitive but are critical of "paper gold ". In other words, **the higher proportion of physical delivery is a further consequence of dwindling confidence in the robustness of the financial and monetary system**.

COMEX Gold Deliveries, in Thousands of Troy Ounces, 01/2006–04/2024

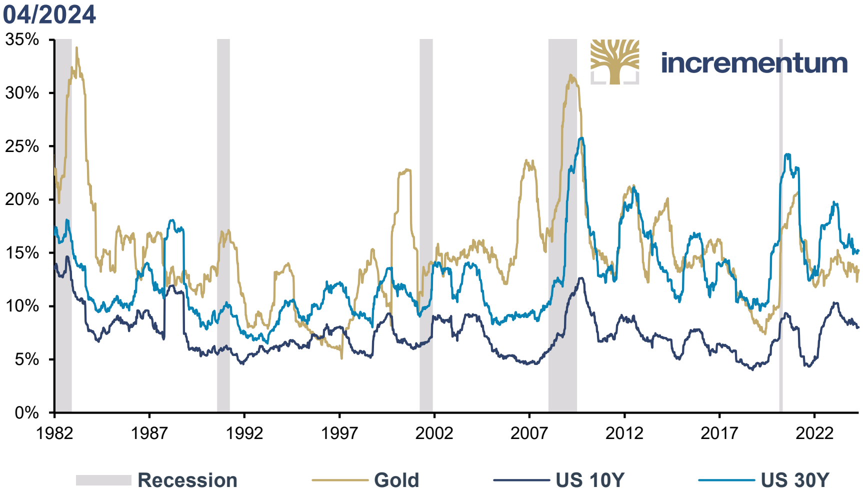


Source: Reuters Eikon, Incrementum AG

In addition, the central banks of those countries with export surpluses are tending to reduce the recycling of their US dollar reserves, i.e. (re-)investing less heavily in US government bonds. **To a certain extent, *de-dollarization* is also accompanied by *de-bondization*.** Conversely, however, this also means that investors are looking for alternatives to government bonds – alternatives that are liquid, have a similar volatility profile to long-dated government bonds, and ideally also protect against inflation. Gold exhibits similar volatility to long-term government bonds but has the major advantage that it has no counterparty risk.

Given our skepticism towards government bonds, we assume that an increasing number of market participants will consider a higher weighting of both safe-haven gold and performance gold in the future. **Specifically, in a portfolio with a longer-term investment horizon, we consider a ratio of up to 15% safe haven gold and up to 10% performance gold to be advisable.** In view of the current situation, we view this as a prudent balance between stability and growth.

Rolling Annualized Volatility of Gold, US 10Y, and US 30Y, 01/1982–04/2024



Source: Reuters Eikon, Incrementum AG

Safe-haven gold

By safe-haven gold we refer to investments in physical gold (bars, coins). Consequently, this should be stored outside the banking system or ideally in jurisdictions with very high legal security.[3] Safe-haven gold is a fail-safe, liquid asset that is mainly used to hedge against economic and (geo) political instability, high inflation, and worst-case scenarios. Typically, physically held gold is an iron-clad reserve that ideally never needs to be drawn on and, in the best case, is passed on to the next generation. **Due to the virtually nonexistent default risk and the overall situation described in detail in this year's *In Gold We Trust* report, we are convinced that a significantly higher allocation to safe haven gold is advisable.**

Performance gold

While the purpose of safe haven gold is to act as a nest egg with stable purchasing power, the purpose of performance gold is to achieve a higher return than physical gold. Performance gold includes asset classes as diverse as gold mining shares, silver and silver mining shares, and possibly also Bitcoin. Investments in performance gold are therefore more volatile and correlate less with traditional investments. Consequently, performance gold should be actively managed.

Gold mining shares

The performance of gold and silver mining shares has been disappointing for most investors in recent years. The divergence between the development of the gold price and gold mining shares has been truly remarkable. As the next chart shows, the shares of gold mining companies have performed significantly worse than gold. The main reasons for this were the sharp rise in costs (AISC) in 2022 and 2023 and the general lack of interest from Western financial investors. The divergence between gold and mining share performance can also be explained by the fact that investors in Asia do not usually invest in mining companies. They prefer to hold physical gold and silver. Western financial investors, on the other hand, have cut their allocations to mining stocks in line with their reductions in gold ETF holdings.

Gold (lhs), in USD, and GDX (rhs), in USD, 01/2014–04/2024

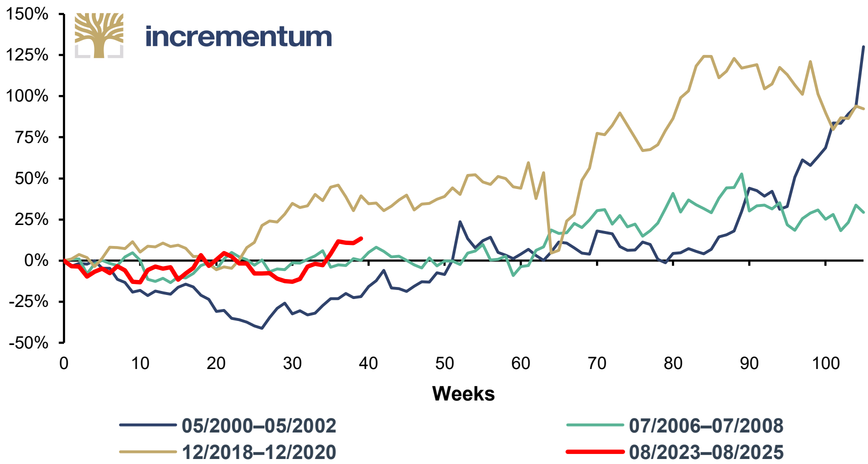
Source: Reuters Eikon, Incrementum AG

Within the equity spectrum, other topics such as AI have recently stolen the show from gold miners. Nevertheless, there is no doubt that mining stocks are undervalued on a fundamental level. In recent months, this undervaluation has attracted the attention of well-known investors who are famous for contrarian investments. Stanley Druckenmiller sold technology stocks in Q4/2023, including Alphabet and Amazon, and invested in Newmont and Barrick. Shortly thereafter, the *Financial Times* reported that Elliott Management, led by Paul Singer, is launching a fund called Hyperion to invest in precious and base metals, led by the former CEO of Newcrest Mining.

The gold mining sector is unique in many respects. While fundamental bottom-up research is essential for careful stock selection and sensible diversification, macro-specific top-down influences play a particularly important role.[4] As far as sensitivity to monetary policy is concerned, a look at the past shows that investment times around the last interest rate hike have usually been excellent entry points.

Due to the historical undervaluation of the mining sector, in mid-February 2024 we launched a top-down-driven investment strategy in line with these top-down influences and other ideas of the new gold playbook. The *Incrementum Active Aurum Signal* presented in this *In Gold We Trust* report plays a central role in the investment strategy.[5] Further information on the strategy can be found at www.incrementum.li.

HUI Performance 24 Months After Last Fed Rate Hike, 01/2000–04/2024



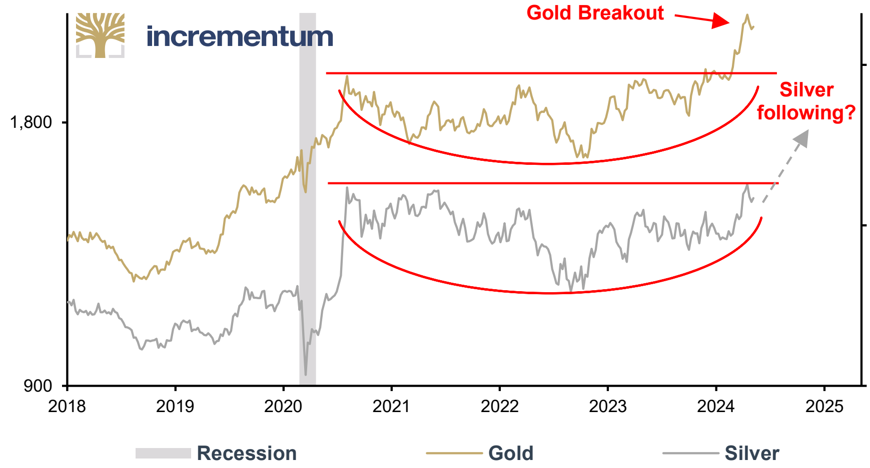
Source: Reuters Eikon, Incrementum AG

> *The intelligent investor is a realist who sells to optimists and buys from pessimists.*
>
> **Benjamin Graham**

Silver

Silver can also play a significant role as "performance gold". Silver is experiencing a supply deficit for the fourth year in a row. At 215.4 Moz, the deficit will reach a new record level in 2024. The main reason for this is the ongoing PV boom. This key sector of the energy transition, which is dominated by China, is now the largest demand category for silver, with consumption of 232 Moz. In addition, silver has outperformed gold in 6 of the last 7 bull markets since 1967. However, the price performance of the white metal is still below average to date.

Gold (lhs, log), in USD, and Silver (rhs, log), in USD, 01/2018–04/2024



Source: Reuters Eikon, Incrementum AG

Historically, it was increased investment demand that was decisive for pronounced silver bull markets. In the event of a second wave of inflation, a wave of FOMO could set in, and silver would probably be one of the biggest beneficiaries.

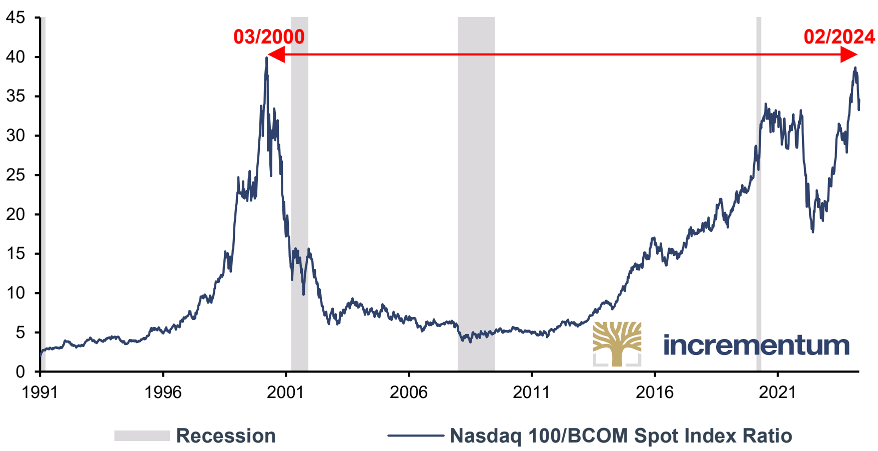
Commodities

The commodity supercycle, which we have regularly pointed out in recent years, has taken a breather, but in our opinion it is still intact. Price increases and supply bottlenecks have brought a potential shortage of resources back into the public eye. Just recently, Nicolai Tangen, CEO of the USD 1.5 trillion Norwegian sovereign wealth fund, warned of a possible shortage of resources and rising commodity prices. In view of the neglect in the capex cycle, which we described in detail in the *In Gold We Trust* report 2023,[6] we firmly believe that the commodity bull market is only in its early stages. The recent rally in copper and BHP's takeover bid for Anglo American could be harbingers of the next phase of the bull market.

Digital gold

For many years, we have believed that incorporating Bitcoin into traditional portfolios enhances the risk-reward profile. The approval of Bitcoin spot ETFs by the SEC and the associated increase in legal certainty reinforces this view. A Bitcoin ban is therefore finally off the table. One practical way of integrating Bitcoin exposure into a traditional portfolio is to use portfolio components that combine gold and Bitcoin. Here, volatility can be used to the investor's advantage through rebalancing and possibly also through an option overlay. However, such investments require extensive specialist knowledge.

Nasdaq 100/BCOM Spot Index Ratio, 01/1991–04/2024



Source: BofA Global Investment Strategy, Reuters Eikon, Incrementum AG

The new 60/40 playbook

Traditional securities portfolios are currently still characterized by a 60/40 mix of equities and bonds. This portfolio construction has undoubtedly been able to deliver attractive risk-adjusted returns in recent decades. However, the macro environment necessary for positive performance is history with the end of the Great Moderation.

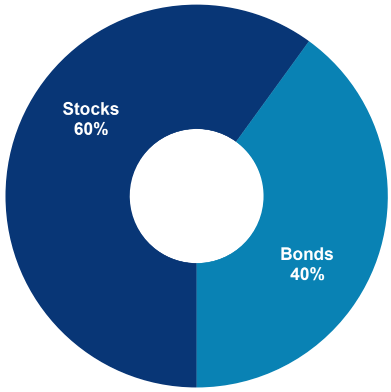
Around half a century ago, Harry Browne presented the *permanent portfolio as an* alternative to the conventional 60/40 portfolio.[7] This is made up of 25% equities, 25% bonds, 25% cash and 25% gold. It is striking that this portfolio became popular after the high-inflation period in the 1970s, during which the 60/40 portfolio would have performed poorly, while the 25/25/25/25 portfolio would have achieved significantly better results.

Even though the permanent portfolio can still be an interesting alternative today, we believe that there is a more contemporary implementation within the framework of the new gold playbook. **Our interpretation of a new standard portfolio for long-term investors envisages the following allocation.**

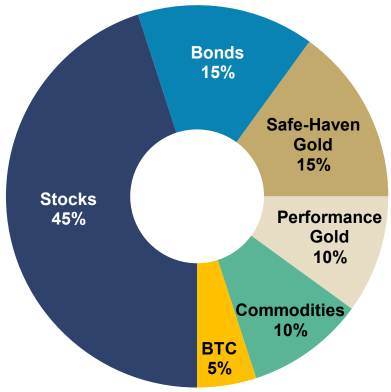
Of course, we do not see this allocation as a rule set in stone. Rather, it is intended as a guideline derived from the current monetary, fiscal and geopolitical realities. In our view, the new gold playbook applies as long as we are in a phase of currency instability, characterized by high debt levels and geopolitical instability. A simple quantitative measure of currency stability are inflation rates. **If average inflation rates remain below 3% over a 24-month period, this would be a good indication that the situation has stabilized.**

Until we return to stable monetary waters, a significant proportion of noninflationary, default-proof hard currencies, real assets and commodities in the portfolio seems advisable.

The Old 60/40 Portfolio



The New 60/40 Portfolio



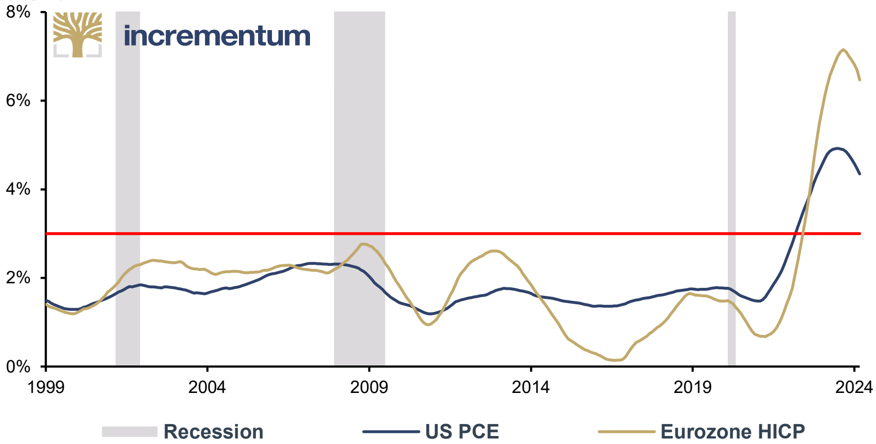
Source: Incrementum AG

The 10 Key Points of the New Gold Playbook

The meta-theme of the new gold playbook could be summarized as follows: The reorganization of the international economic and power structure, the dominant influence of the emerging markets on the gold market, the reaching of the limits of debt sustainability, and possibly multiple waves of inflation are causing gold to appreciate. This phase will continue for some time, until a new equilibrium has been established.

1. **The high inverse correlation between US real yields and the gold price is history (for now).** Despite the rise in real yields, the rise in the gold price could not be halted.
2. **Central banks are a decisive factor in the demand for gold:** Demand from these institutions is not very price-sensitive. Central banks are likely to have put a floor under the gold price.
3. **The militarization of fiat money has lasting consequences:** The confiscation of Russian reserves and the assets of Russian oligarchs in 2022 was a wake-up call for numerous states, as well as wealthy private individuals from the Gulf states, Russia and China. (Luxury) real estate in London, New York or Vancouver has always been the preferred destination for savings from the emerging markets, but this has changed in 2022.
4. **Safe-haven assets are becoming scarce:** The list of liquid safe-haven assets is getting shorter. New and old safe-haven assets are gaining in importance.
5. **In contrast to the *gold drain* in the US in the 1960s, the emerging markets are now experiencing a *gold gain*.** China is playing a leading role in this respect but is no longer alone. The Western financial investor is no longer the marginal buyer or seller of gold.

2 Year Moving Average of US PCE, and Eurozone HICP, 01/1999–03/2024



Source: BofA Global Investment Strategy, Reuters Eikon, Incrementum AG

The pricing power on the gold market is increasingly shifting to the East.

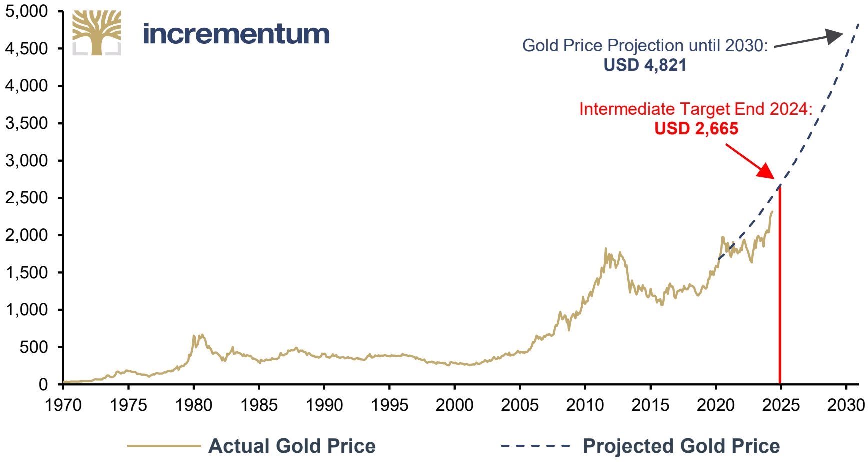
6. **Monetary climate change**: Fiscal largesse has seriously jeopardized the debt sustainability of Western countries. The explosion of the interest burden is a harbinger of the limits of debt sustainability.
7. **The new playbook in the context of stagflation 2.0:** The Great Moderation is over. Periodic supply shocks will cause additional fluctuations in inflation.
8. **The end of the 60/40 portfolio:** A positive correlation between equities and bonds, as in the case of structurally higher inflation rates, means that bonds offer no protection when growth slows.
9. **The central bankers' new playbook: The holy grail of the 2% inflation target is no longer sacrosanct.** Even before the mark has been sustainably reached again, Western central banks are openly talking about a change of course to a less restrictive monetary policy.
10. **Noninflationary investments** such as gold, silver, commodities and Bitcoin are playing an increasingly important role for investors.

And just as new styles of play in sport are refined and adapted over time, so too is the gold playbook. **The *In Gold We Trust* reports will keep you up to date on refinements and adjustments year after year.**

The new gold playbook suggests that a positive trend for gold is likely. However, there are of course also situations in which the gold price will suffer setbacks. **The following developments are likely to have a negative impact in the short and medium term:**

- The price of gold has risen by almost USD 600 since its lows in October 2023, so profit-taking should come as no surprise.
- An actual "soft landing" could put pressure on the gold price as investors shift money from safe to riskier investments.
- A continuation of the US interest rate-hike cycle, with a sustained increase in real economic growth.
- A return to a low-inflation phase similar to the Great Moderation.
- The high gold prices are beginning to affect physical demand, particularly in price-sensitive markets such as India. In addition, the recycling supply has already reacted, for example in the US.
- In China, an easing of growth concerns, presumably accompanied by much stronger political support for the real estate sector, could reduce demand for gold.
- A crash on the stock markets or a significant worsening of the (commercial) real estate crisis could lead to gold liquidations (see 2008). The fact that gold is very liquid is a disadvantage in such exceptional situations.
- Momentum players such as CTAs, managed futures funds, and hedge funds will liquidate long positions in the event of declines or signs that the rally is faltering.
- China is devaluing the renminbi against the US dollar. This strengthens the US dollar and possibly weakens the gold price in US dollars, but not necessarily in many other currencies.
- A sustainable calming or resolution of geopolitical conflicts, e.g. between Russia and Ukraine or between Israel on the one hand and Hamas and Iran on the other could affect the gold price.

Intermediate Status of the Gold Price Projection until 2030: Gold, and Projected Gold Price, in USD, 01/1970–12/2030



Source: Reuters Eikon, Incrementum AG

Quo vadis, aurum?

Update on the end-of-the-decade gold price forecast

Loyal readers will remember our gold price forecast model that we published in the *In Gold We Trust* report 2020.[8] **At that time, we calculated a price target of just above USD 4,800 by the end of 2030, using the gold coverage ratio as a key input factor.**

In particular, the Federal Reserve's harsh interest rate hikes and the temporary slowdown in inflation have kept the rise in the gold price in check over the past two years. The recent surge in the gold price is probably a harbinger of the imminent turnaround in interest rates and possibly also of an increasingly stagflationary environment in the US. We feel that the recent price action confirms our price target, and we continue to adhere to the target of around USD 4,800 for 2030 that we postulated at the beginning of the decade.

If this price target sounds too ambitious to some readers, we would like to put the return derived from this target into historical perspective. Based on a current gold price of USD 2,300, this would mean a price increase of just under 12% p.a. by the end of the decade. By comparison, the gold price rose by over 14% p.a. in the 2000s and over 27% p.a. in the 1970s.

Gold is awaiting its deployment

Louis-Vincent Gave argues that US government bonds were the *all-star asset class* for a generation. That all-star has now had its day, and portfolios find themselves in the same plight as the Chicago Bulls without Michael Jordan, the French national soccer team without Zinedine Zidane, or the England rugby side without Jonny Wilkinson. A new playbook had to be written, a new *difference maker* around whom the rest of the team would be built had to be found. **Gold has already warmed up and is just waiting to be substituted, as he can easily fill that role**.

In the context of the new gold playbook, we believe the outlook for gold is brighter than ever. However, any significant upward movement will inevitably be interrupted by setbacks or sideways markets. However, these unavoidable phases should not cloud the positive long-term outlook for gold. For those who invest in safe-haven gold, i.e. hold it as a safe haven with purchasing power, such setbacks are certainly annoying. Those who invest in performance gold, on the other hand, should try to recognize these setbacks early on and adjust their investment decisions accordingly in order to benefit from short-term fluctuations. **We have developed the *Incrementum Active Aurum Signal* to determine the right time to enter or exit mining stocks.**[9]

Regina Costello once so astutely remarked that our language is a mirror of time, a window through which we view the spirit of our era. The fact that in 2022 the *Collins English Dictionary* chose the term *permacrisis*, defined as "an extended period of instability and insecurity, esp. one resulting from a series of catastrophic events," as the *word of the year* speaks volumes. However, this linguistic reflection of the omnipresence of crises also conceals an opportunity.

Like a chess player in distress who is looking for the saving move in a seemingly hopeless position, we must learn to see opportunities as well as threats in the growing uncertainties. Only then will we be able to take action and intervene in the course of events, sometimes more actively, sometimes more passively, depending on the respective investment environment. **Like the queen on the chessboard, gold is ready to be used both defensively and offensively in the portfolio with caution and foresight.**

In our confrontation with the current permacrisis, the best inner attitude is not rigid resistance but active adaptation to the current circumstances and the courageous pursuit of creative solutions, inspired by the timeless wisdom of the game of chess to think several moves ahead and, after careful consideration, to consistently implement the decision made. This is why it's more vital now than ever before that:

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Endnotes

1 See, among others, "Exclusive Interview with Russell Napier: Save Like a Pessimist, Invest like an Optimist," *In Gold We Trust* report 2023; "Yield Curve Control, the Biggest Mistake of the ECB So Far! – Exclusive Interview with Russell Napier," *In Gold We Trust* report 2021
2 See chapter "The Akuma Afterglow: Japanification of the West?" in this *In Gold We Trust* report
3 See "Gold Storage: Fact Checking Germany, Canada, and the UK," *In Gold We Trust* report 2022; "Gold Storage: Fact Checking Austria, the USA, and the Cayman Islands," *In Gold We Trust* report 2021; "Gold Storage: Fact Checking New Zealand, Australia, and Dubai," *In Gold We Trust* report 2020; "Gold Storage: Fact Checking Liechtenstein, Switzerland, and Singapore," *In Gold We Trust* report 2019
4 See chapter "Mining stocks – Fundamental and technical situation" in this *In Gold We Trust* report
5 See chapter "Mastering the New Gold Playbook" in this *In Gold We Trust* report
6 See "Capex Comeback: A Raging Bull Market for Commodities Beckons," *In Gold We Trust* report 2023
7 See "Gold in the Context of Portfolio Diversification," *In Gold We Trust* report 2016
8 "Quo vadis, aurum?," *In Gold We Trust* report 2020
9 See chapter "Mastering the New Gold Playbook" in this *In Gold We Trust* report

About Us

Ronald-Peter Stöferle, CMT

Ronald-Peter Stöferle is managing partner of Incrementum AG.

He studied business administration and finance in the USA and at the Vienna University of Economics and Business Administration, and also gained work experience at the trading desk of a bank during his studies. Upon graduation he joined the research department of *Erste Group*, where in 2007 he published his first *In Gold We Trust* report. Over the years, the *In Gold We Trust* report has become one of the benchmark publications on gold, money, and inflation.

Since 2013 he has held the position as reader at *scholarium* in Vienna, and he also speaks at *Wiener Börse Akademie* (the Vienna Stock Exchange Academy). In 2014, he co-authored the international bestseller *Austrian School for Investors*, and in 2019 *The Zero Interest Trap*. He is a member of the board of directors at *Tudor Gold Corp*. (TUD), and *Goldstorm Metals Corp.* (GSTM). Moreover, he is an advisor to *VON GREYERZ AG*, a global leader in wealth preservation in the form of physical gold stored outside the banking system.

Mark J. Valek, CAIA

Mark J. Valek is a partner of Incrementum AG.

While working full-time, Mark studied business administration at the Vienna University of Business Administration and has continuously worked in financial markets and asset management since 1999. Prior to the establishment of Incrementum AG, he was with Raiffeisen Capital Management for ten years, most recently as fund manager in the area of inflation protection and alternative investments. He gained entrepreneurial experience as co-founder of *philoro Edelmetalle GmbH*.

Since 2013 he has held the position as reader at *scholarium* in Vienna, and he also speaks at *Wiener Börse Akademie* (the Vienna Stock Exchange Academy). In 2014, he co-authored the book *Austrian School for Investors*.

Incrementum AG

Incrementum AG is an owner-managed and FMA-licensed investment and asset management company based in the Principality of Liechtenstein. Our core competence is the management of investment funds and asset management. We evaluate investments not only on the basis of the global economic situation, but also always see them in the context of the current global monetary system.

The publishing rights for the *In Gold We Trust* report were transferred to *Sound Money Capital AG* in November 2023. The *In Gold We Trust* report will continue to be co-branded with the Incrementum brand as usual.
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Endeavour Mining

As a leading global gold producer and largest in West Africa, Endeavour is committed to the principles of responsible mining and delivering sustainable value to all stakeholders. Endeavour is listed on the LSE and TSE under the symbol EDV.

www.endeavourmining.com

Asante Gold

Asante Gold has developed its +400,000 oz per year production profile through organic growth and focused acquisitions. We believe in responsible development and strive to be Ghana's foremost gold producer and employer of choice.

www.asantegold.com

Endeavour Silver

Endeavour Silver operates 2 high-grade underground silver mines in Mexico. Advancing Terronera Project & exploring to become premier silver producer. Shares offer industry-leading beta to silver price, with over 60% revenue from silver.

www.edrsilver.com

Caledonia Mining

Caledonia Mining is a dividend-paying gold producer and explorer, with a strong growth profile; since November 2021 it has acquired Maligreen, Motapa and Bilboes. Its vision is to become a Zimbabwe focused multi-asset gold producer.

www.caledoniamining.com

First Majestic

First Majestic is a silver and gold producer that owns and operates three producing mines in Mexico, one gold project in USA, and several development and exploration assets. We are also launching our own minting facility, First Mint, in USA.

www.firstmajestic.com

DMCC

DMCC has played a key role in making Dubai a top gold market, known as 'the city of gold', with 25% of global trade, mostly through its free zone. DMCC's infrastructure includes a precious metals vault, jewelry facilities, and gold coins. It also boosts gold trade through platforms like DGCX and DMCC Tradeflow.

www.dmcc.ae

flexgold – a brand of SOLIT

flexgold is the smart way to invest in physical precious metals, as flexible and simple as never before. With flexgold, SOLIT sets the gold standard for trust, security and transparency.

www.flexgold.com

ELEMENTUM – More for sure!

For almost two decades, Elementum has been your competent partner for strategic solutions in physical gold and silver for private individuals, families, employers and employees.

www.elementum-international.ch

Hecla Mining Company

Founded in 1891, Hecla Mining Company (NYSE: HL) is the largest silver producer in the United States. In addition to operating mines in Alaska, Idaho, and Quebec, Canada, the Company is developing a mine in the Yukon, Canada, and owns a number of exploration and pre-development projects in world-class silver and gold mining districts throughout North America.

www.hecla.com

EMX Royalty

EMX has a 20+ year track record of smart deals. Experiencing a record year in 2023 with USD 37mn in cashflow, EMX looks forward to a bright future with diversification into gold, copper, battery metals, strong partners like Franco Nevada and multi-decade paying royalties.

www.emxroyalty.com

Karora Resources

Karora is a TSX-listed gold producer (TSX: KRR) with operations in the tier 1 jurisdiction of Western Australia. Karora has a proven management team and is growing its production to 170-185 koz for 2024.

www.karoraresources.com

Premium Partners

Kinross Gold

Kinross Gold is a senior gold mining company headquartered in Toronto, with a diverse portfolio of mines and projects located in the United States, Canada, Brazil, Chile, and Mauritania.

www.kinross.com

Sprott

Sprott is a global leader in precious metals and critical materials investments, with expertise in the mining industry. We offer investments in gold, silver, platinum and palladium, and manage the world's largest physical uranium trust.

www.sprott.com

McEwen Mining

McEwen Mining, a gold and silver producer, owns 48% of Los Azules copper project. Led by Chairman Rob McEwen (USD 220mn investment, USD 1/yr salary), we focus on boosting productivity and shareholder value.

www.mcewenmining.com

Tudor Gold

TUDOR GOLD Corp. is an exploration company in the Golden Triangle region of B.C., Canada, which is advancing the Treaty Creek Project that hosts an Indicated Mineral Resource of 27.9 Moz AuEQ @ 1.19 g/t AuEQ including 6.0 Moz AuEQ @ 1.25 g/t AuEQ of Inferred.

www.tudor-gold.com

Minera Alamos

Minera Alamos is a new gold producer going through the ramp up of its Santana mine and fast tracking permitting for its second flagship mine: Cerro de Oro. Specializing in low capex builds the Minera model remains insulated from inflationary pressures.

www.mineraalamos.com

Victoria Gold

Victoria Gold (VGCX) is Building a Mining Company Focused on the Yukon. Their Dublin Gulch property in central Yukon includes the Eagle Gold Mine - a long-life mine with high likelihood for mine life extension at depth & along strike. Exploration potential is excellent.

www.vgcx.com

Münze Österreich AG

Internationally renowned for its precious metal processing, Münze Österreich AG produces Austria's circulation coins, Vienna Philharmonic bullion coins in gold, platinum and silver, and gold bars.

www.muenzeoesterreich.at

VON GREYERZ

VON GREYERZ is the global and industry leader in the acquisition and storage of precious metals, providing investors in over 90 countries direct personal access to the largest and safest private gold vault in the world, located in the Swiss Alps.

www.vongreyerz.gold

philoro EDELMETALLE

philoro is one of the European market leaders in precious metal trading and precious metal production. We cover the entire spectrum from precious metal investment to safekeeping.

www.philoro.com

West Red Lake Gold Mines

West Red Lake Gold Mines Ltd. is a mineral exploration company focused on advancing and developing its flagship Madsen Gold Mine and Rowan property in the prolific gold district of Red Lake, Ontario, Canada.

www.westredlakegold.com

Regency Silver

Regency Silver is developing a large, high grade, gold-copper-silver system at its Dios Padre project in Sonora, Mexico. Regency Silver's social mandate is built on respect for the environment and the communities in which it operates.

www.regency-silver.com

Ximen Mining

Ximen Mining (TSX.V XIM) is focused on responsible development, sustainable mining and exploration of its precious metals properties in southern BC, Canada, as it advances its Kenville Gold mine.

www.ximenminingcorp.com

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