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The Long-Term Debt Cycle

“We conclude that the concentration of wealth is natural and inevitable, and is periodically alleviated by violent or peaceful partial redistribution.”

Will and Ariel Durant

Key Takeaways

- In the modern fiscal and monetary policy regime, multiple business cycles string together over the decades, compounding into ever higher public and private debt levels and ever lower interest rates, until the zero bound is reached.
- The combination of extremely high debt levels and the impact of policy rates hitting zero or even going slightly negative, sets off a new set of policy tools and pops a long-term debt bubble. This happened in the 1930s through the 1940s, and it happened again from 2008 through the present.
- The key difference between the resolution of a long-term debt cycle and a short-term debt cycle is that long-term debt cycles are often accompanied by a significant currency devaluation to recapitalize the banking system and inflate debt away, while significant sociopolitical shifts occur as well.
- Scarce assets, including precious metals, commodities, and Bitcoin in the modern sense, along with select equities and real estate, are assets that investors can use to navigate the resolution of a long-term debt cycle.



About the author: Lyn Alden is the founder of Lyn Alden Investment Strategy, where she provides retail and institutional investors with research for a variety of asset classes. She emphasizes fundamental investing with a global macro overlay, and her background includes a blend of engineering and finance.

Introduction

“My biggest mistakes in my career came from missing big market moves that hadn’t happened in my lifetime but had happened many times before.”

Ray Dalio

When determining the probable path for inflation or deflation deep into the 2020s, it helps to have a map, or some semblance of where we are in history.



Courtesy of Hedgeye

Most investors consider “long term” to be a few decades at most, which assumes that history is relatively linear, consisting of 5–10-year business cycles and nothing more. However, if we zoom out far enough, we can see a much larger cycle, which has been termed by investors such as Ray Dalio to be the “long-term debt cycle”.¹ This cycle has occurred throughout history, tied to human nature and the cycle of generations, but modern central banking has further solidified it through an active policy response. **If short-term debt cycles are the heartbeat of industry, long-term debt cycles are the heartbeat of nation states, so their market impacts can be much more extensive when they hit a reversal point.**

The Short-Term Debt Cycle

There is nothing new except what has been forgotten.

Marie Antoinette

Before describing the long-term debt cycle, it will help to remind readers about the context of the short-term debt cycle, also known as the business cycle.

In the middle of an economic expansion, businesses and consumers start to truly recover from the previous recession, and they take on more debt and risk. As the expansion progresses, this higher and higher level of debt and eventual overinvestment (by businesses) and overconsumption (by households) make them increasingly leveraged and fragile. Asset prices generally grow increasingly expensive as the expansion progresses, and overall investment prudence diminishes.

There are three key biases in financial forecasting. Economists never forecast recessions, equity strategists are always bullish, and bond strategists are always bearish.

Albert Edwards

Eventually, some negative catalyst – be it an external or a self-imposed catalyst, such as through initially loose monetary policy followed by tightening of monetary policy – combined with the elevated debt levels, triggers an economic shock and period of deleveraging, which is recessionary. Monetary and fiscal policymakers usually respond by reducing interest rates and injecting fiscal stimulus to offset this otherwise deflationary period; many defaults occur; the system cleans out some of the excesses of malinvestment and unproductive leverage; and then the cycle starts anew.

¹ Dalio, Ray: “How the Economic Machine Works”, YouTube, September 22, 2013

Has the government really established a precedent where it can eliminate the business cycle? History would suggest not.

Dave Rosenberg

Cycles die; and you know how they die? The Fed puts a bullet in its forehead.

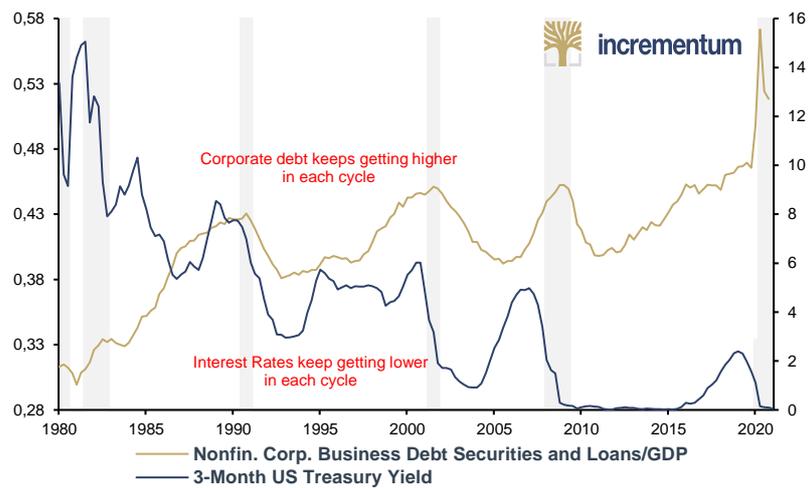
Harley Bassmann

There have been myriad debates about how intense the business cycle naturally should be, and whether government and central bank policy smoothes it out or exacerbates it; but few would argue against the observation that society and industry have a natural rhythm to them. Investors and consumers are social beings and tend to flock together. The problem is that the deleveraging that occurs at the end of a business cycle rarely reduces debt levels all the way back to where they started the cycle, in part because of the fiscal and monetary policy response that discourages deleveraging and attempts to smooth over corrective events.

The chart below shows US business cycles over the past four decades.

Corporate debt as a percentage of GDP typically decreases after recessions, but has kept making higher lows and higher highs over the decades; and this is in significant part because interest rates have reached lower and lower levels in each cycle and allowed companies to support higher and higher debt levels over time. This trend is driven in part by monetary policymakers.

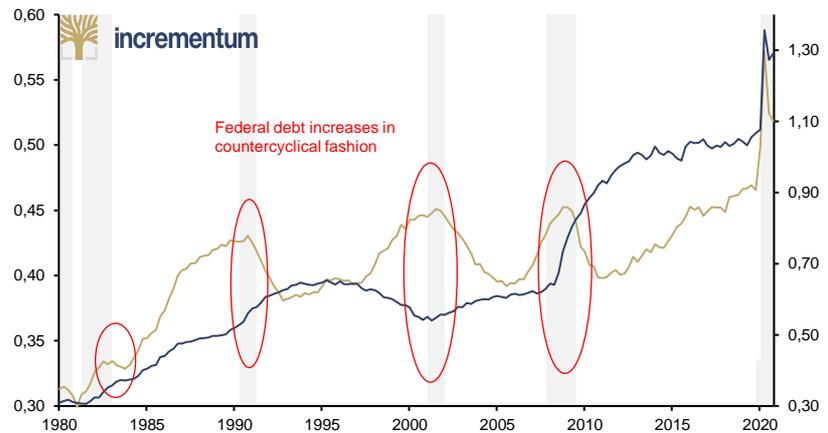
Nonfin. Corp. Business Debt Securities and Loans/GDP (lhs), and 3-Month US Treasury Yield (rhs), in %, 1980-2020



Sovereign debt accumulation tends to run countercyclical to this trend.

While corporations and households often deleverage after recessions, sovereign debt levels tends to increase during and after recessions, as tax revenues fall because of lower economic output, and government spending increases to finance extra unemployment benefits and stimulus. This Keynesian approach is driven by fiscal policymakers.

Nonfin. Corp. Business Debt Securities and Loans/GDP (lhs), and Federal Debt/GDP (rhs), Q1/1980-Q4/2020



Source: Lyn Alden, Federal Reserve St. Louis, Incrementum AG

And so, history sees a string of business cycles building up public and private leverage over decades, until interest rates can't realistically go any lower, leading to something bigger.

The Long-Term Debt Cycle

Few people are familiar with the long-term debt cycle, because it only reaches a turning point a couple times per century, and we have to look back into history to see the details.

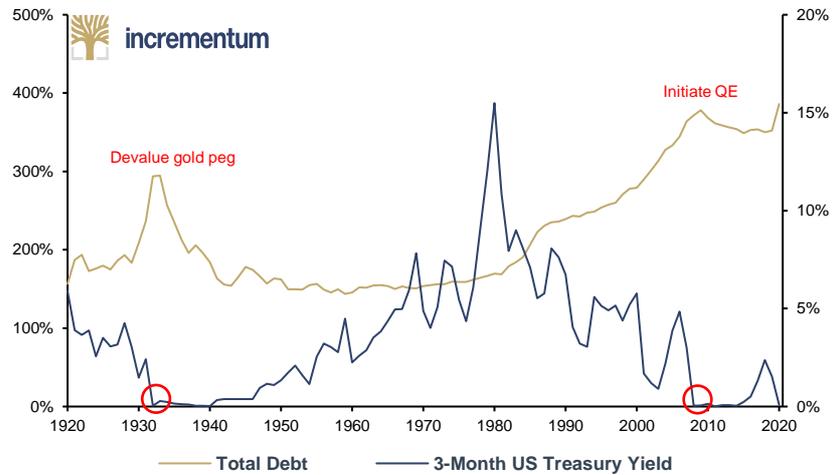
What is more, history merely rhymes, rather than repeats itself identically, so analysts must take historical data and construct forward probabilities from it based on new conditions and notable differences compared to those past analogues. There are always new variables to contend with.

The lessons and warnings of history are clear if one looks for them, most people don't look for them because most people learn from their experiences and a single lifetime is too short to give them those.

Ray Dalio

After many business cycles accumulate debt from one cycle to the next, to a higher and higher level, total debt in the system (sovereign, corporate, household, and other forms of debt) reaches extremely high levels relative to GDP or the broad money supply, interest rates run into the zero bound, and policymakers have trouble pushing them much below that threshold without dealing a fatal blow to the banking system. **The zero bound is where the magic starts to happen, and things change.**

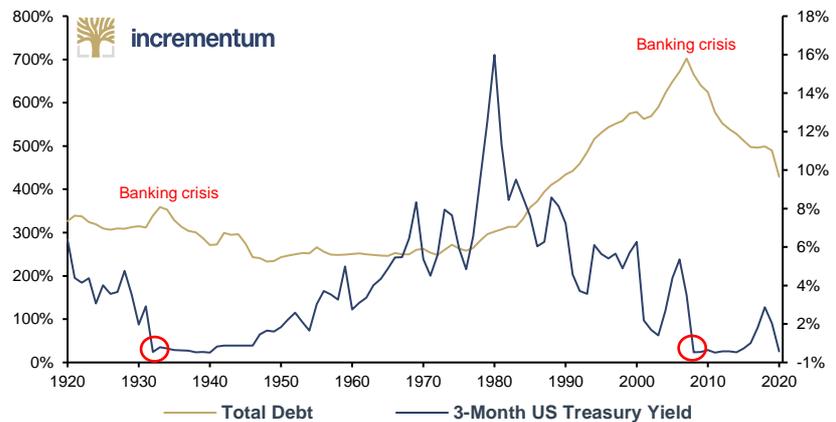
Total Debt (lhs), in % of GDP, and 3-Month Treasury Yield (rhs), in %, 1920-2020



Source: Lyn Alden, Federal Reserve St. Louis, Incrementum AG

There were two long-term debt cycle peaks over the past century in the United States and much of the rest of the developed world. The first one occurred in the early 1930s during the worst stages of the Great Depression, and the second one came in the late 2000s during the Global Financial Crisis. The next chart shows total debt as a percentage of GDP for the United States, which identifies the structural peaks and associated banking crises of each long cycle that occurred right when interest rates hit zero.

Total Debt (lhs), in % of M2, and 3-Month Treasury Yield (rhs), in %, 1920-2020



Source: Lyn Alden, Federal Reserve St. Louis, Incrementum AG

Capitalism stands its trial before judges who have the sentence of death in their pockets. They are going to pass it, whatever the defense they may hear; the only success victorious defense can possibly produce is a change in the indictment.

Joseph Schumpeter

To show it in a different way, the chart depicts the total debt as a percentage of the broad money supply, M2. A normal amount of systemwide debt can be deleveraged nominally. People and businesses pay for their mistakes by losing money in a down cycle, creative destruction occurs, strong businesses devour weak businesses, the dust settles, and the system can build up from there. However, a huge amount of systemwide debt, equal to a few hundred percent of GDP or the money supply, is basically impossible to deleverage nominally, because it annihilates the whole system when deleveraging is attempted, exposes the Ponzi-like nature of how the system is inherently constructed, and creates a vicious cycle leading ever deeper.

Instead, those peaks historically tend to be deleveraged with a major expansion of the money supply. In other words, at the end of a long-term debt cycle, the denominator (currency) goes up a lot more than the numerator (nominal debt) goes down, as policymakers print money to save the system rather than let it collapse.

The Sociopolitical Component

People often blame policymakers for inflationary policies when a long-term debt cycle starts to implode, but that's not when the key mistakes are made. At that point, it's nearly inevitable.

Instead, the key mistakes are made in the decades that lead up to the peak, when more choices are available. There is overuse of monetary policy, which encourages the buildup of debt in the first place and which is usually accompanied by a set of poor fiscal policies. Once debt is built up to an extreme, including at the sovereign level, the options to deal with it are limited. At that point, policymakers have backed themselves into a corner, and face the decision to print money or trigger a revolution, as described in Liaquat Ahamed's book *Lords of Finance: The Bankers Who Broke the World*.

There were essentially only 2 ways to restore the past balance between the value of gold reserves & the total money supply. One was to put the whole process of inflation into reverse & deflate the monetary bubble by actually contracting the amount of currency in circulation (...) but it was painful. (...) The alternative was to accept that past mistakes were now irreversible & reestablish monetary balance with a sweep of the pen by reducing the value of the domestic currency in terms of gold (devalue.) The US & UK took the route of deflation; Germany & France that of devaluation/inflation.

Liaquat Ahamed, Lords of Finance

More specifically, someone's liability is someone else's asset. When you default on a liability, you destroy someone's asset. When people and institutions lose assets, they are harmed financially; and if they are leveraged against those assets, they can go bankrupt and their liabilities, which are also someone else's assets, get destroyed as well.

Similarly, when people get laid off from work, that reduces their consumption, which causes other businesses to lose revenue and lay off their employees as well, which further reduces consumption in the system. With a broad default and no fiscal policy response, banks begin to fail.

This vicious cycle of asset price declines, job losses, and bankrupt businesses in turn reduces government tax revenue, because wage income and investment income fall, which, if money-printing to support public debt is not used and a balanced budget is instead maintained, means that either social programs need to be cut, which reduces income to beneficiaries and thus also results in less consumption and tax revenue; or tax rates need to be increased, which takes away excess funds for private investment or consumption; and/or sovereign bonds default, which renders every fractional reserve bank in the country insolvent, because those bonds are their safest assets.

In a healthy system with normal leverage, the natural deleveraging process can play out. The system remains robust and solvent overall, eventually bottoms, and comes out stronger on the other side, with a real market recovery. In that scenario, most banks do not crash, the government is not highly leveraged, only a manageable subset of businesses and households go bust, and the toxic debt does not contaminate the whole system.

The Euro will lead to too many houses in Spain, too many factories in Germany and too many civil servants in France, as each country will end up specializing on their comparative advantages.

Charles Gave, 2001

MMT threatens to take us down the classic “unorthodox” route do debt reduction, namely via inflation and financial repression.

Dario Perkins

The worst form of inequality is to try to make unequal things equal.

Aristotle

However, in a highly leveraged system at the peak of a long-term debt cycle, with debt that was only able to reach such extreme levels in the first place due to consistent policy intervention and artificially low interest rates during the preceding decades, a series of initial defaults will trigger a tidal wave of defaults, and it will all collapse like a house of cards, because there is too much debt relative to the amount of money in the system.

So, a hands-off policy approach works quite well in normal deleveraging events, but it historically fails in major deleveraging events, when debt is at extreme levels and even the sovereign entity is highly leveraged. Politicians and central bankers of monetary sovereign nations do not have a career incentive to go down that deflationary collapse path, especially since it was in large part due to their policies that debt was able to get so high.

Therefore, a monetary sovereign system rarely if ever reaches that point of collapsing in on itself in a prolonged deflationary spiral, because the reality when trying to deleverage from such a high level is that collective human nature does not allow the deleveraging to go on for long. Even if politicians were to attempt to take the pure austerity route, cut spending programs and let systemwide defaults happen, the economy would get more and more painful; and after a few years, people would vote those politicians out of office in favor of politicians promising stimulus and MMT-like policies more broadly.

Another way of putting it is that a fiat currency regime rarely, if ever, collapses at the end of a long-term debt cycle from a lack of printed money. When the zero bound for interest rates is reached and/or sovereign debt is high and a country runs low on real private buyers of its sovereign debt, it prints whatever fiat it needs to monetize deficits, one way or another. If there is a historically high public and private debt level relative to the number of fiat currency units in the system, the number of fiat currency units in the system is increased. **The currency is the release valve, much to the detriment of savers and bondholders.**

Moreover, socioeconomic factors start to get messy in such extreme economic environments. The peaks of long-term debt cycles tend to also come with peak levels of cronyism and societal wealth concentration, where the gap between the super-rich and everyone else becomes even wider than normal. Money ceases to move around the economy smoothly and reach people of all income levels, and instead just concentrates near the top.

US Gini Coefficient, 1948-2021



Source: chartbookofeconomicinequality.com, worldpopulationreview.com, Incrementum AG

Things fall apart, the centre cannot hold...Mere anarchy is loosed upon the world (...) the best lack all conviction, while the worst are full of passionate intensity.

William Butler Yeats

You can't insure yourself against what you fear, because the more you do so, the more fearful and insecure you become. The result is a form of insanity, looking for total security in a world where security can never, for any individual, be certain.

Oliver Stone

Populist politics then become more the order of the day; and while some strands of such politics can be quite rational if based on countering prevailing policies that are rightly viewed as needing reform, more dangerous strands begin to emerge as well, particularly if prevailing problems go unaddressed. Policymakers then face the choice of doing something to alleviate the financial burdens of the broad population or risking outright revolution.

In other words, when the top 1% of a population has more wealth than the bottom 90%, politics tend to not be very smooth. Economic growth also tends to be slow and stagnant, since the broad middle class is the engine of the economy.

And then there is the national security angle. Economic theories work well in hypothetical, closed-system scenarios, but what about open systems, where international competitors exist? If one country decides to take the bitter medicine and go through a massive, long lasting default and debt collapse and let everything clean out nominally, fair and square, during that whole process they become vulnerable from a geopolitical and military point of view compared to nations that instead choose to intervene with printed money, prop up their economies, and kick the can down the road. **Thus, there is an inbuilt geopolitical incentive for policymakers in fiat regimes to print, when push comes to shove.**

This phenomenon of currency devaluations occurring at the end of long-term debt cycles and periods of heavy wealth concentration goes back thousands of years to Greece and Mesopotamia. **An example from 2600 years ago captures today's situation in an eerily accurate way:**

"In the Athens of 594 B.C., according to Plutarch, 'the disparity of fortune between the rich and the poor had reached its height, so that the city seemed to be in a dangerous condition, and no other means for freeing it from disturbances seemed possible but despotic power.' The poor, finding their status worsened with each year – the government in the hands of their

masters, and the corrupt courts deciding every issue against them – began to talk of violent revolt.

The rich, angry at the challenge to their property, prepared to defend themselves by force. Good sense prevailed; moderate elements secured the election of Solon, a businessman of aristocratic lineage, to the supreme archonship. He devalued the currency, thereby easing the burden of all debtors (although he himself was a creditor); he reduced all personal debts, and ended imprisonment for debt; he cancelled arrears for taxes and mortgage interest; he established a graduated income tax that made the rich pay at a rate twelve times that required of the poor; he reorganized the courts on a more popular basis; he arranged that the sons of those who had died in war for Athens should be brought up and educated at the government's expense. The rich protested that his measures were outright confiscation; the radicals complained that he had not redivided the land; but within a generation almost all agreed that his reforms had saved Athens from revolution.”²

A One-Two Punch

A long-term debt cycle in the modern banking regime does not typically end with one big bang; it historically ends with a one-two punch. A jab – the private debt bubble – sets up a knockout cross: a public debt bubble.

Adrian: Rocky, why do you fight?

Rocky Balboa: Because I can't sing and dance.

The three toughest fighters I ever fought were Sugar Ray Robinson, Sugar Ray Robinson and Sugar Ray Robinson. I fought Sugar so many times, I'm surprised I'm not diabetic.

Jake LaMotta

In the first punch, the private debt cycle hits a peak, and a deflationary banking crisis occurs. Money is printed to bail out the banking system, but there is such a big deflationary hole that it does not necessarily show up in the form of broad money-supply inflation or broad consumer-price inflation; rather, it is mainly a matter of bank-reserve or base-money inflation that does not leak out into the broad economy. Meanwhile, consumers and businesses can suffer tremendously, which adds further deflationary pressure on wages and prices.

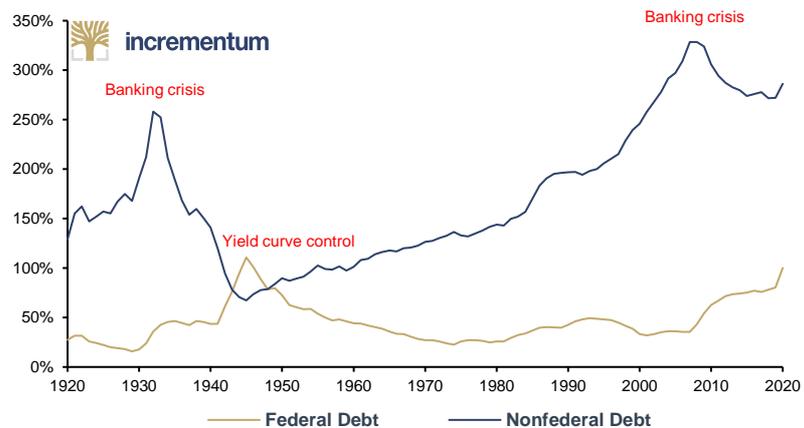
For the second punch, a period of relative stagnation ensues, as the fundamental problems remain in place, even though the banking system was deleveraged, and some semblance of stability returns.

However, once this fragile system, with interest rates still near zero, experiences an external shock or rising civil unrest, it leads the population and government officials to shift to very proinflationary policy, or “wartime MMT”. Federal fiscal deficits and debt go up rapidly and are monetized by the central bank, which also institutes a policy of financial repression, i.e., it holds interest rates below the prevailing inflation rate, resulting in rapid monetary inflation and the evaporation of big chunks of public and private debt in real terms. **This second punch is outright inflationary.**

Focusing on US history again for this example, we can separate total debt as a percentage of GDP into (1) federal debt and (2) nonfederal debt, mostly consisting of private debt. This shows us the two phases of the long-term debt cycle.

² Durant, Will and Ariel: *The Lessons of History*, 1968, p. 55-56

Federal Debt, and Nonfederal Debt, in % of GDP, 1920-2020



Source: Lyn Alden, Federal Reserve St. Louis, Incrementum AG

Printing money is the most expedient, least well-understood, and most common big way of restructuring debts.

Ray Dalio

In the above chart, it appears that nonfederal debt decreased a lot in the 1930s and early 1940s. Indeed, nonfederal debt as a percentage of GDP fell from 225% to 75% from peak to trough, which seems like a huge deleveraging. However, in nominal US dollar terms, nonfederal debt only fell by about 20% from peak to trough during that period.

Instead, along with that partial nominal deleveraging, the US dollar value peg to gold was reduced from USD 20.67/oz to USD 35/oz, which, in combination with some degree of fiscal stimulus and a big expansion of the monetary base, reinflated the broad money supply and nominal GDP and therefore reduced the debt-to-GDP and debt-to-M2 ratios. The numerator (debt) went down 20%, but the denominator (nominal GDP or broad money supply, depending on how you measure it) skyrocketed.

History repeats itself, but in such cunning disguise that we never detect the resemblance until the damage is done.

Sydney J. Harris

The economy improved from its 1932–1933 lows as time moved deeper into the 1930s, but encountered another recession in 1937, which led to more stagnation. Importantly, the economy experienced outright deflation in the early 1930s and sharply shifted into a period of reflation in the mid/late 1930s after the gold peg was reduced and the monetary base was expanded, but the economy did not encounter outright high inflation. This was an antideflationary currency devaluation, meaning that currency was devalued relative to gold, but was not devalued much against broad prices in general, and there was no rapid increase in the broad money supply, since the inflationary forces were counteracting a massive deflationary shock of high debt, high unemployment, collapsing asset prices, and bank failures.

One may say that, apart from wars and revolutions, there is nothing in our modern civilizations which compares in importance to inflation.

Elias Canetti

Then, after a period of stagnation, the US entered World War 2 in December 1941 and began massive deficit spending, monetized by the Federal Reserve and US banking system’s buying a lot of US Treasuries. The domestic industrial base nearly tripled during this decade from the trough to the peak, on the back of major deficit spending. To finance this, the Federal Reserve capped all Treasury yields well below the prevailing inflation rate – at 0.375% on the short end, 2.50% on the long end – in order to inflate away part of their purchasing power. Savers and investors in cash and bonds lost a significant percentage of their wealth.

Where the army is, prices are high; when prices rise the wealth of the people is exhausted. There is no instance of a nation benefiting from prolonged warfare.

Sun Tzu, Art of War

Ground-scraping interest rates turn savers into speculators and quarantined millennials into day traders. They facilitate overborrowing, suppress market signals, misdirect investment dollars, and promote the dubious business of turning well-financed public companies into heavily indebted private ones.

Jim Grant

The world's longest-dated inflation-linked bond is issued by the UK government; it matures in 2068 and is priced to lose more than 2% of its real value every year – and there are another 47 of those years to go before maturity.

Jonathan Ruffer

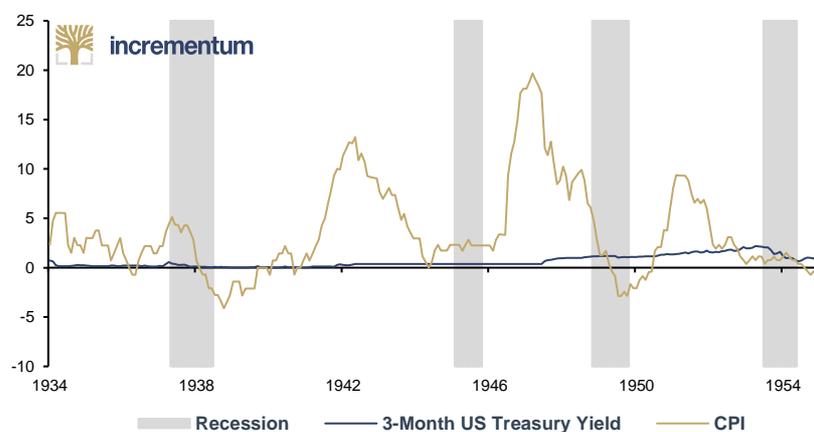
War itself was economically subtractive, as irreplaceable lives were lost and expensive equipment was destroyed on foreign soil, half a world away; but the productive infrastructure that the war forced the country to build through federal deficit spending was repurposed for domestic use and was hugely additive in terms of new technology and overall productivity in the peacetime economy. The economy was further boosted by the Servicemen’s Readjustment Act of 1944, commonly known as the “G.I. spending bill”, which trained and educated millions of soldiers to re-enter the domestic workforce in a highly productive way.

After the war, the federal debt never deleveraged much nominally, but nominal debt was held relatively flat for a while as nominal GDP caught up, partially from growth and partially from inflation, with interest rates capped by the Federal Reserve below the inflation rate.

To reiterate, this era was a period of aggressive spending and currency devaluation, followed by a period of relative austerity that reduced debt as a percentage of GDP, this time at the federal level. **By that point, the long-term debt cycle had been alleviated, but not without significant cost to the currency. In modern parlance, the period of economic stagnation and war forced the 1940s to be a very “MMT-heavy” decade in terms of fiscal and monetary policy,** and the Covid-19 pandemic may be a catalyst to bring the 2020s decade to a similar outcome, especially given the very similar long-term debt situation. In other words, after a period of prolonged stagnation in an overmonetized economy and with a struggling middle class, an external catalyst changes public perception and policymaker perception about fiscal deficits.

In a scenario of massive deficits and financial repression like the 1940s, holders of currency and bonds are effectively defaulted on in real terms – though often not in nominal terms, especially at the sovereign level – and only receive part of their purchasing power back. On the other end, debtors are bailed out in real terms and have to pay back only a portion of the purchasing power that was owed, even though they often pay back the full nominal amount. The next chart shows interest rates vs. the year-over-year consumer price inflation rate during the 1940s and surrounding years.

3-Month US Treasury Yield, in %, and CPI, yoy%, 01/1934-12/1954



Source: Lyn Alden, Federal Reserve St. Louis, Incrementum AG

During this period, three massive inflation spikes occurred, but the short end of the Treasury yield curve was held near zero, and the long end of the curve was held at 2.5%, which led cash and bondholders to lose considerable purchasing power, and allowed the federal government to inflate away a substantial portion of its debt relative to nominal GDP.

Many other countries in the war, both winners and losers who had their productive capacity destroyed rather than expanded, had much deeper and less orderly currency devaluations. **The US had the “best case” version, while many others weren’t so lucky.**

This current bubble is different. It is one level higher at the sovereign debt level. Wall Street does not need bailing out. Government balance sheets need bailing out. The question is, by who?

Colly Leporal

The US lacks many of the strengths today that it had in the 1940s. The manufacturing base has been outsourced to a larger degree than that of most other developed nations, and thus the US is more financialized and less industrialized than peers such as Japan or Germany, let alone emerging markets like China or several other countries in Asia.

Plus, the US was the largest creditor nation in the 1940s, meaning that the country collectively owned more foreign assets than foreigners owned US assets. Here in the 2020s, the US is the largest debtor nation, while countries like Japan, Germany, and China are the largest creditor nations.

So, a very MMT-heavy environment in the United States, combined with the US’s being a debtor nation and running persistent trade deficits, will potentially make the US dollar one of the most devalued among major currencies in the next cycle.

Conclusion: The Long Echo

“So, watch central bankers’ actions—i.e., see if they increase their bond buying when interest rates are rising led by long-term interest rates and when the markets and economy are strong—because that action would signal that they are experiencing supply/demand problems.”

Ray Dalio

Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.

Winston Churchill

Because of where we are in the long-term debt cycle, we have a partial map of where we stand in history that investors can use to navigate the challenging macroeconomic environment. In many ways, the 2010s were a lot like the 1930s, and the 2020s are shaping up to be a lot like the 1940s in terms of fiscal and monetary policy.

The 1930s and 2010s – and the couple years that led up to each – saw private debt bubble peaks, resulting in massive bank failures, asset price collapses, disinflationary pressures, and subsequent antideflationary policies to recapitalize the banks and reinflate the financial system. Overall fiscal stimulus was moderate

Gold has worked down from Alexander's time (...) When something holds good for two thousand years, I do not believe it can be so because of prejudice or mistaken theory.

Bernard Baruch

Gold will be repriced once in life; that will be much more than enough.

“Another”

in these periods; the broad money supply didn't grow particularly fast; and commodity prices and broad consumer prices remained relatively low.

The 1940s and 2020s so far, on the other hand, saw massive external shocks to a fragile system, followed up by massive fiscal deficits to support the broader economy, and those deficits were largely monetized. The result was a rapid increase in the broad money supply, which in the 1940s was sustained for several years in a row and led to severe and broad price inflation combined with financial repression. **It remains to be seen what the 2020s will bring, but an inflationary commodity bull cycle seems probable.**

Scarce stores of value, including precious metals, commodities, value stocks, and real estate, historically benefit in this stage of the long-term cycle, which could last all the way through the 2020s decade. Bitcoin is a newer addition to this mix, invented in 2009 during the popping of the long-term private-debt bubble, and so far is also greatly benefiting from how the cycle is playing out.

About Us

Ronald-Peter Stoeferle, CMT



Ronnie is managing partner of Incrementum AG and responsible for Research and Portfolio Management.

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), a significant explorer in British Columbia's Golden Triangle as well as a member of the advisory board of *Affinity Metals* (AFF). Moreover, he is an advisor to *Matterhorn Asset Management*, a global leader in wealth preservation in the form of physical gold stored outside the banking system.

Mark J. Valek, CAIA



Mark is a partner of Incrementum AG and responsible for Portfolio Management and Research.

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 a boutique investment and asset management company based in Liechtenstein. Independence and self-reliance are the cornerstones of our philosophy, which is why the five partners own 100% of the company.

Our goal is to offer solid and innovative investment solutions that do justice to the opportunities and risks of today's prevalent complex and fragile environment.

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We would like to thank the following people for their outstanding support in creating the *In Gold We Trust* report 2021:

Gregor Hochreiter, Richard Knirsch, Jeannine Grassinger, Stefan Thume, Florian Hulan, Fabio Lachini, Jason Nutter, Theresa Kammel, Philip Mastny, Alma Mischu, Kalon Boston, Nina Crocoll, Peter Young, Andreas Merkle, Thomas Vesely, Fabian Grummes, Niko Jilch, Florian Grummes, Heinz Blasnik, Hans Fredrik Hansen, Julien Desrosiers, Chris Marchese, Emil Kalinowski, Elizabeth and Charley Sweet, Frank Barbera, Tom Pohnert, Keith Weiner, Grant Williams, Brian Bosse and the entire team of Murenbeeld & Co, Markus Hofstädter, Jochen Staiger, Ilse Bauer, Paul Wong, Fabian Wintersberger, Leopold Quell, Hans Engel, Match-Maker Ventures, Harald Steinbichler, Richard Schodde, David Schrottenbaum, Baker Steel Capital managers, Offroad Communications, our friends at the World Gold Council, the whole wonderful team at Incrementum and of course our families!

Contact

Incrementum AG

Im Alten Riet 102

9494 – Schaan/Liechtenstein

www.incrementum.li

www.ingoldwetrust.li

Email: ingoldwetrust@incrementum.li

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