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# Preview Chartbook of the *In Gold We Trust* report 2021

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March 2021

# In Our Partners We Trust



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**The *In Gold We Trust* report 2021  
will be published on May 27th!**

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# 1. Historic Monetary and Fiscal Stimulus

*“Blessed are the young for they shall inherit the national debt.”*  
Herbert Hoover

*“Monetary policy does not work like a scalpel but more like a sledgehammer.”*  
Liaquat Ahamed

# Passing the Baton: From *Monetary Dominance* to *Fiscal Dominance*

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# “A Small Debt Produces a Debtor; a Large One, an Enemy.”

Publilius Syrus

more stimulus. But with President-elect Joe Biden now making it clear that the recent \$900 billion stimulus will “at best only be a down payment” and the now \$3.3 trillion of total stimulus spending “is just the beginning,” it sounds like America is headed into a program of permanent stimulus.

demanded. How does it end? With Treasury debt already set to reach 108% of GDP, and Fed assets to finance that debt already 7.8 times the precrisis level in 2008, it isn't a question of *if* government is going to run out of other people's money, but *when*.

Source: The Wall Street Journal, 3. Jänner 2021. Emphasis added

OPINION | COMMENTARY

## Welcome to the Era of Nonstop Stimulus

Spending didn't speed the last recovery, but Biden's team is keen to keep the money flowing endlessly.

By Phil Gramm and Mike Solon  
Jan. 3, 2021 1:18 pm ET

SAVE PRINT TEXT

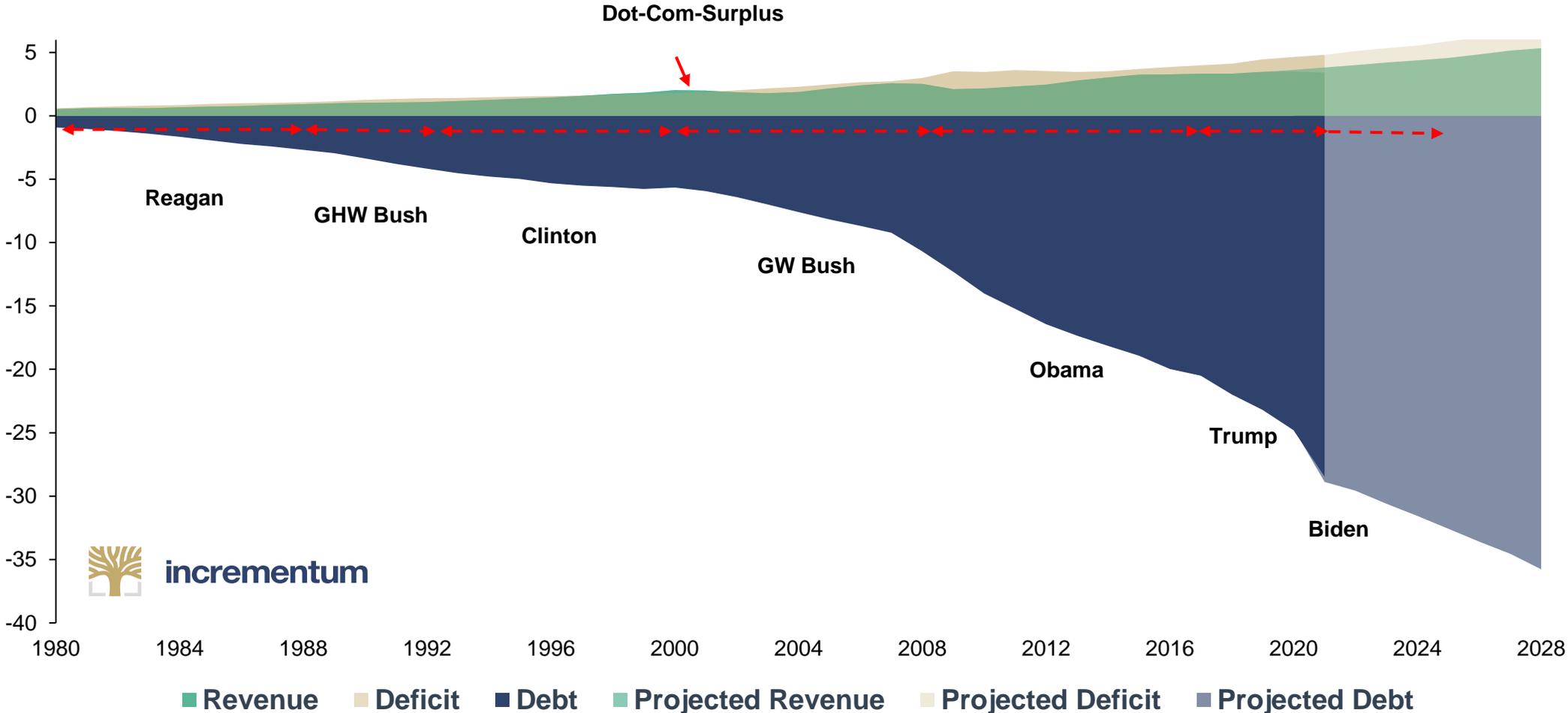
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ILLUSTRATION: PHIL FOSTER

# Further Coronavirus Stimulus & Green New Deal in Preparation...

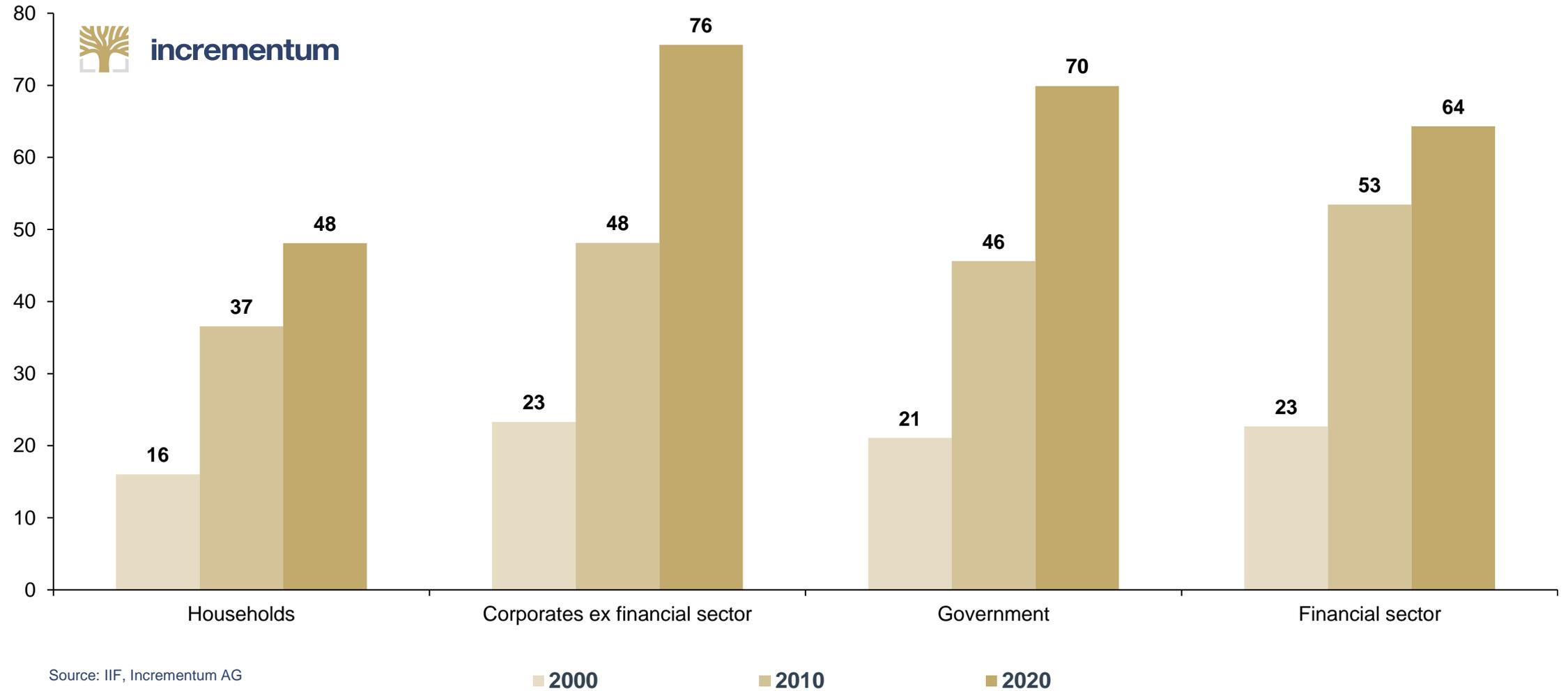
Revenue, Deficit and Debt, in USD trn., 1980-2020



Source: Reuters, CBO, Incrementum AG

# In Times of Structural Overindebtedness...

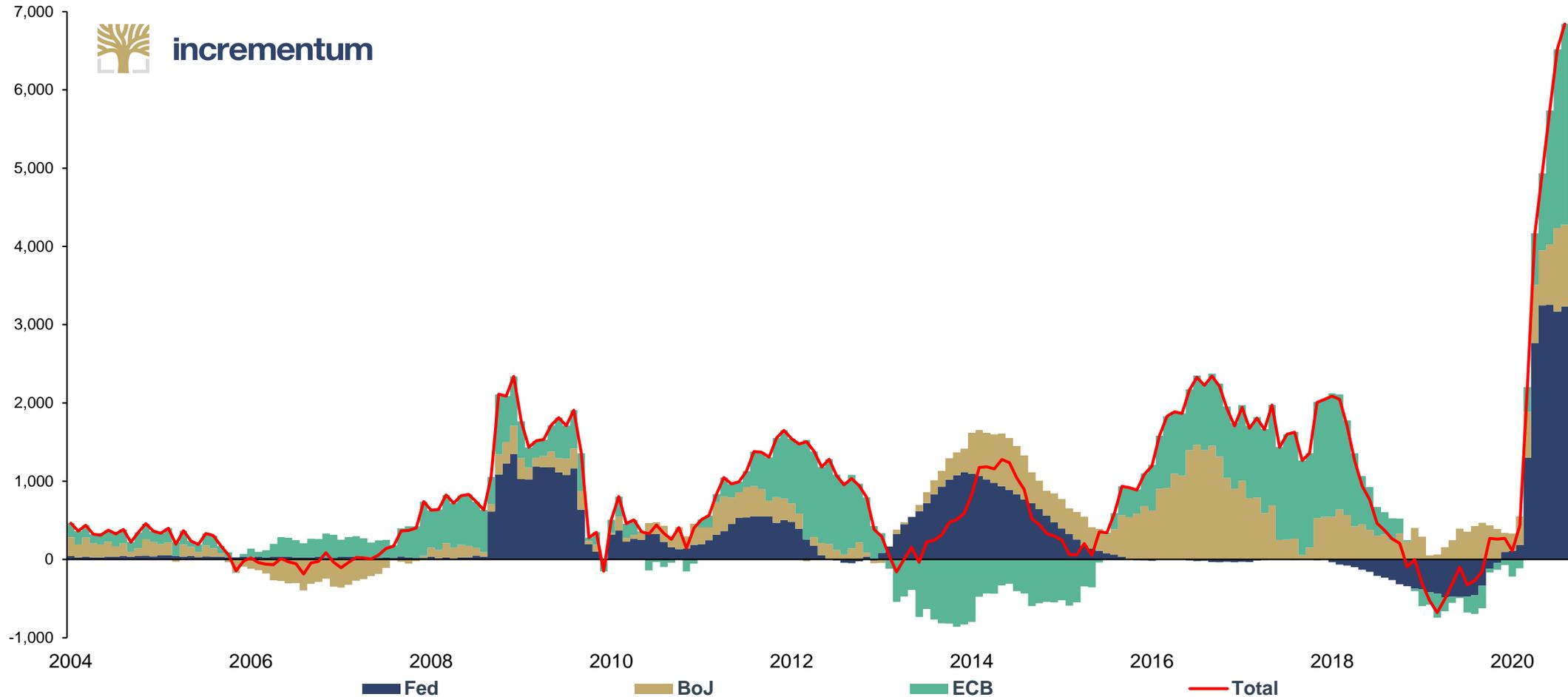
Global debt by sector, in USD trn., 2000-2020



Source: IIF, Incrementum AG

# ...Central Banks Have to Finance the Debt...

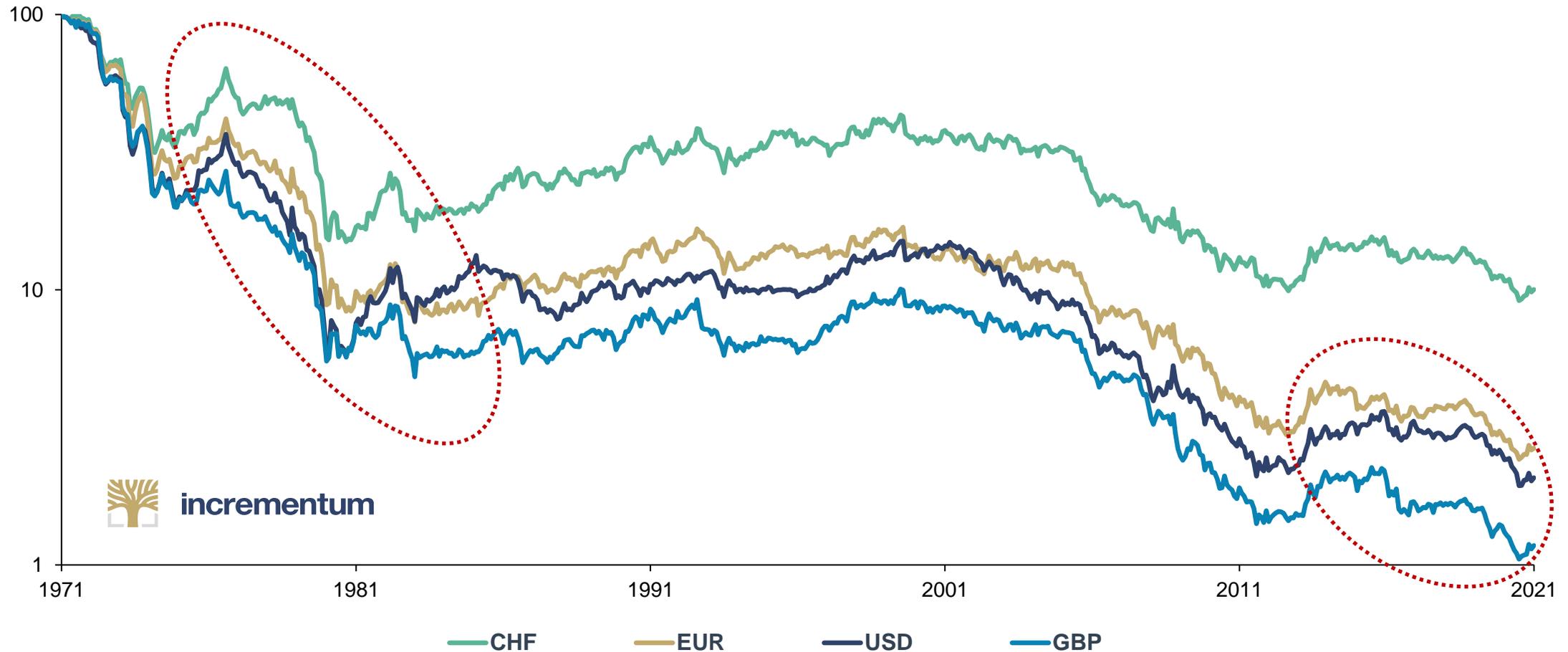
Central bank flows, yoy, in USD bn., 01/2004-12/2020



Source: Reuters Eikon, Incrementum AG

# ... and the Erosion of Purchasing Power Is Accelerating

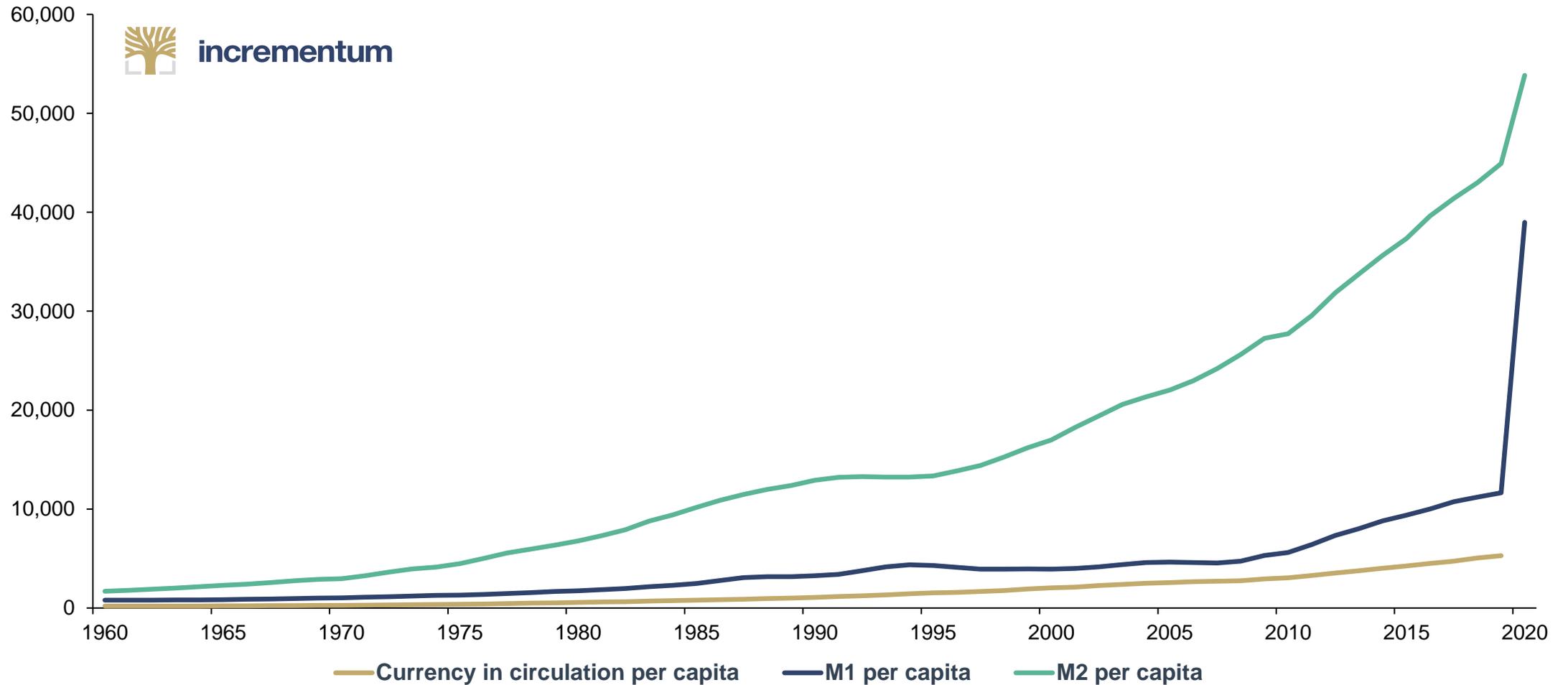
Purchasing power of CHF, EUR, USD, GBP measured in gold (log), 01/1970-02/2021



Source: Reuters Eikon, Nick Laird, goldchartsrus.com, Incrementum AG

# Are Americans Becoming Richer? Or Is It Just About the Money Supply...

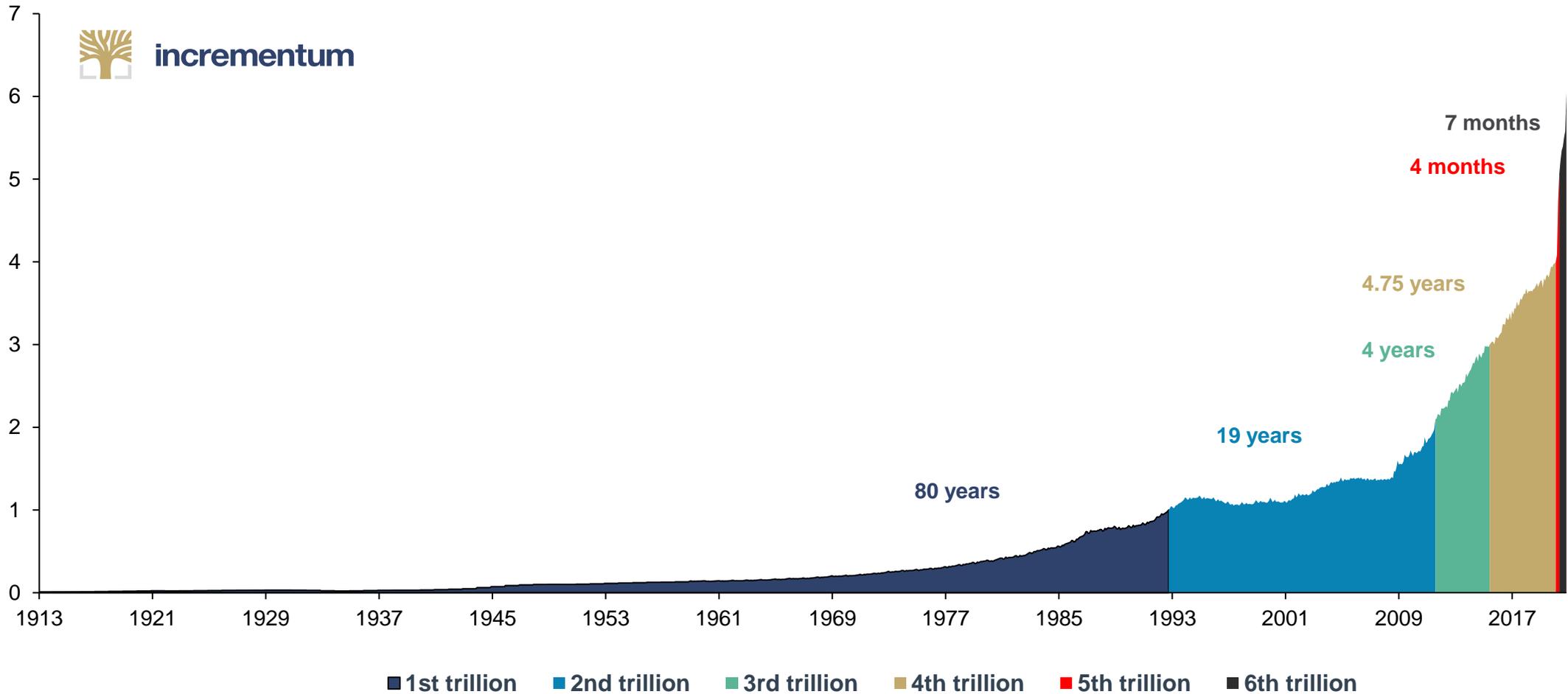
M1 and M2 in the USA per capita, in USD, 1960-2020



Source: Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

# The 6th Trillion in 7 Months – Will the 7th Trillion Come Even Faster?

M1, in USD trn., 1913-2020



Source: Nick Laird, goldchartsrus.com, Incrementum AG

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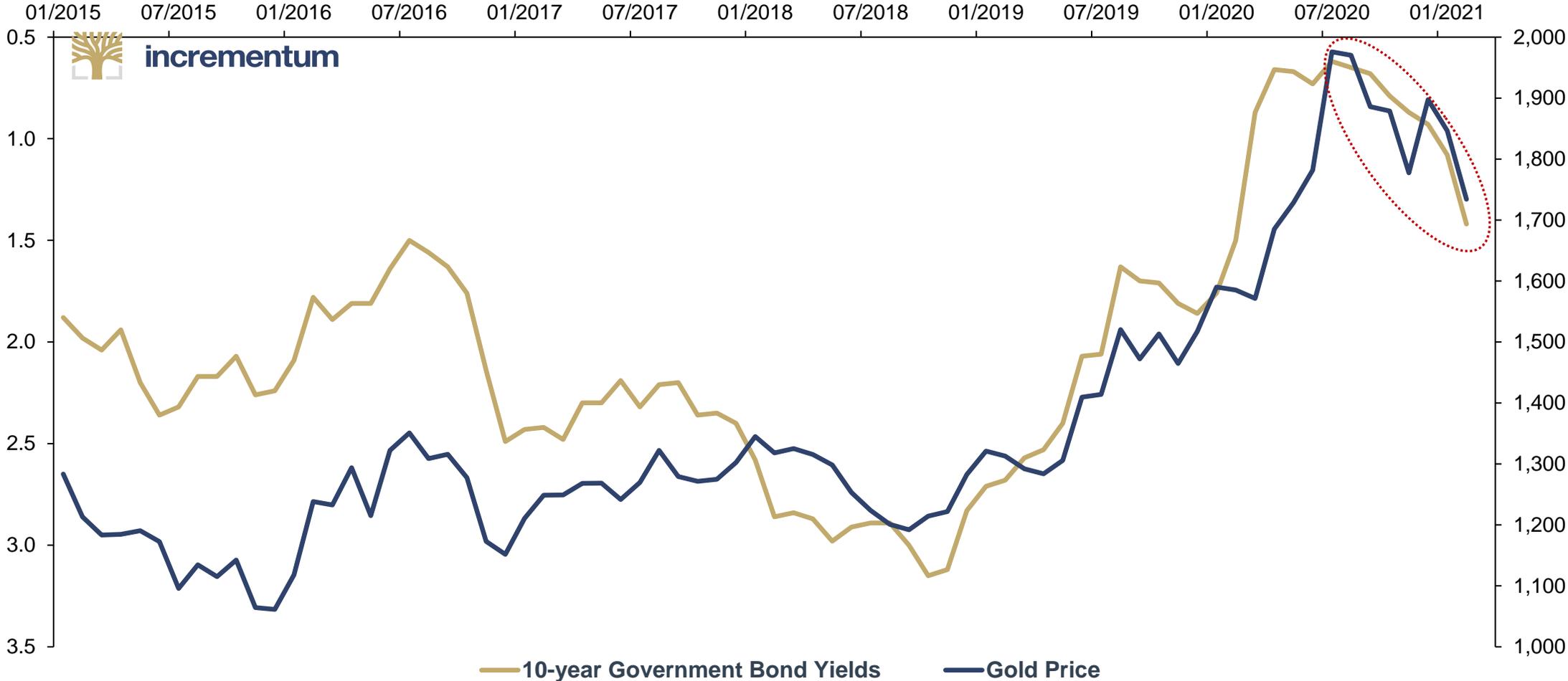
## 2. The Status Quo of Gold

*“Realize that everything is connected to everything else.”*

Leonardo Da Vinci

# What Happened to Gold? It Suffers from Rising Bond Yields...

10-year Government Bond Yield (inverted, lhs, in %) & Gold Price (rhs), 01/2015-02/2021



Source: Reuters Eikon, Incrementum AG

# ...And Real Yields Became Less Negative

Gold Price (rhs) & 10-Year Treasury Inflation-Indexed Security (inverted, lhs), 01/2015-02/2021



Source: Reuters Eikon, Incrementum AG

# 2020 Was A "Golden" Year in Every Currency

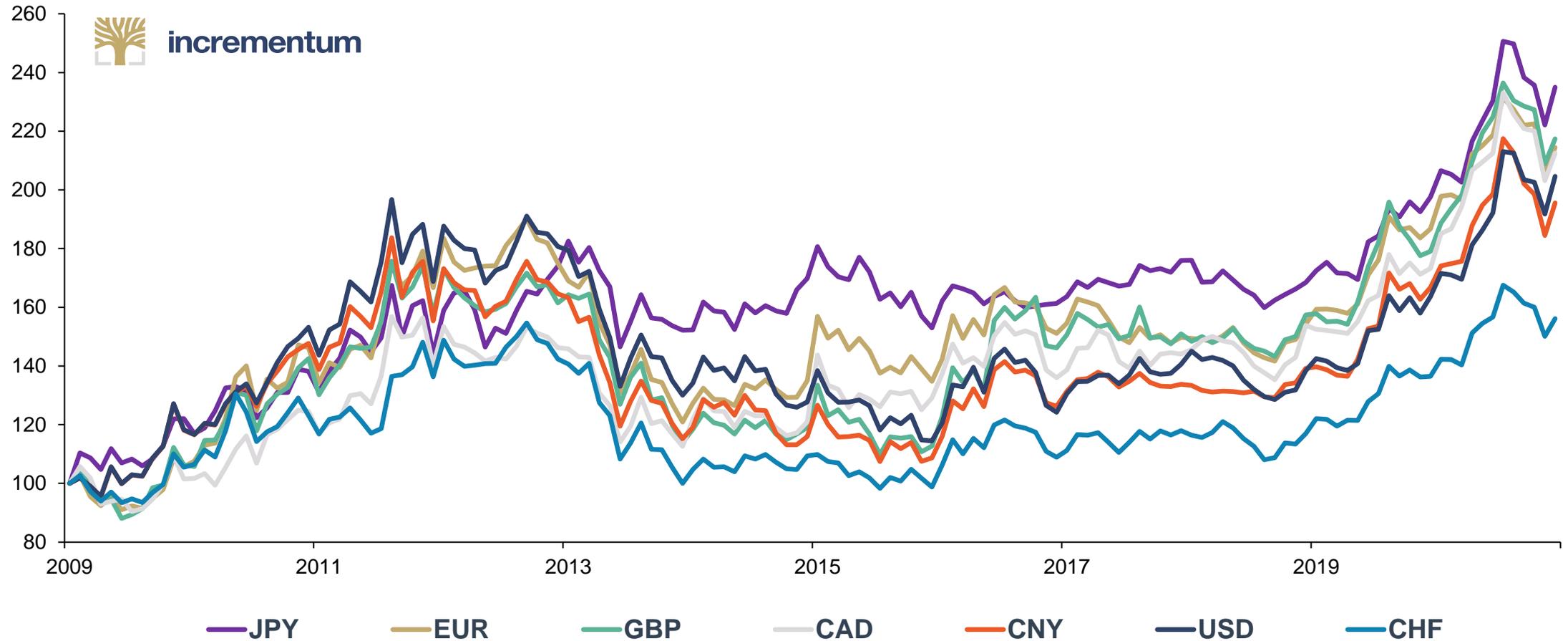
Gold in Various Currencies since 2000 & Average Prices

	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000	-5.3%	1.2%	2.4%	11.2%	-1.9%	-5.4%	5.8%	-4.2%	1.4%	0.6%
2001	2.4%	8.4%	5.3%	12.0%	8.8%	2.4%	18.0%	5.5%	5.8%	7.6%
2002	24.4%	5.5%	12.3%	13.2%	22.9%	24.4%	12.2%	3.5%	23.7%	15.8%
2003	19.6%	-0.2%	8.0%	-10.7%	-1.3%	19.6%	8.1%	7.4%	13.9%	7.2%
2004	5.6%	-2.0%	-1.7%	1.5%	-2.0%	5.6%	0.8%	-3.1%	0.1%	0.5%
2005	18.1%	35.2%	31.6%	25.9%	14.1%	15.1%	35.9%	36.3%	22.8%	26.1%
2006	23.0%	10.4%	8.1%	14.3%	23.3%	19.0%	24.2%	14.1%	20.7%	17.5%
2007	30.9%	18.4%	29.2%	18.0%	12.0%	22.5%	22.5%	21.8%	16.9%	21.4%
2008	5.4%	10.0%	43.0%	30.5%	28.7%	-1.5%	-14.2%	-0.8%	30.0%	14.6%
2009	24.8%	21.8%	13.0%	-1.6%	7.9%	24.8%	27.9%	21.1%	19.2%	17.6%
2010	29.5%	38.6%	34.2%	13.9%	22.8%	25.1%	13.2%	16.8%	24.8%	24.3%
2011	10.2%	13.8%	10.6%	9.9%	12.7%	5.2%	4.5%	10.7%	30.7%	12.0%
2012	7.1%	5.0%	2.4%	5.3%	4.2%	6.0%	20.7%	4.5%	11.1%	7.4%
2013	-28.0%	-30.9%	-29.4%	-16.1%	-23.0%	-30.1%	-12.6%	-29.8%	-19.1%	-24.3%
2014	-1.8%	11.6%	4.4%	7.2%	7.5%	0.7%	11.6%	9.4%	0.2%	5.6%
2015	-10.4%	-0.2%	-5.3%	0.6%	6.8%	-6.2%	-9.9%	-9.7%	-5.9%	-4.4%
2016	8.5%	12.1%	29.7%	9.4%	5.3%	16.1%	5.4%	10.3%	11.4%	12.0%
2017	13.1%	-0.9%	3.3%	4.6%	5.9%	6.0%	9.0%	8.3%	6.3%	6.2%
2018	-1.5%	3.0%	4.3%	9.0%	6.8%	4.1%	-4.2%	-0.8%	7.3%	3.1%
2019	18.3%	21.0%	13.8%	18.7%	12.6%	19.7%	17.2%	16.6%	21.3%	17.7%
2020	25.0%	14.7%	21.2%	14.1%	22.6%	17.2%	18.8%	14.3%	28.0%	19.5%
2021 ytd	-10.64%	-9.44%	-13.30%	-12.51%	-11.87%	-10.52%	-7.52%	-7.31%	-10.47%	-10.40%
Average	9.5%	8.6%	10.4%	8.3%	8.5%	8.4%	9.4%	6.6%	12.0%	9.1%

Source: Reuters, Goldprice.org, Incrementum AG. Data as of March 3<sup>rd</sup>, 2021

# Weakness Since Summer 2020, but Uptrend Still Intact

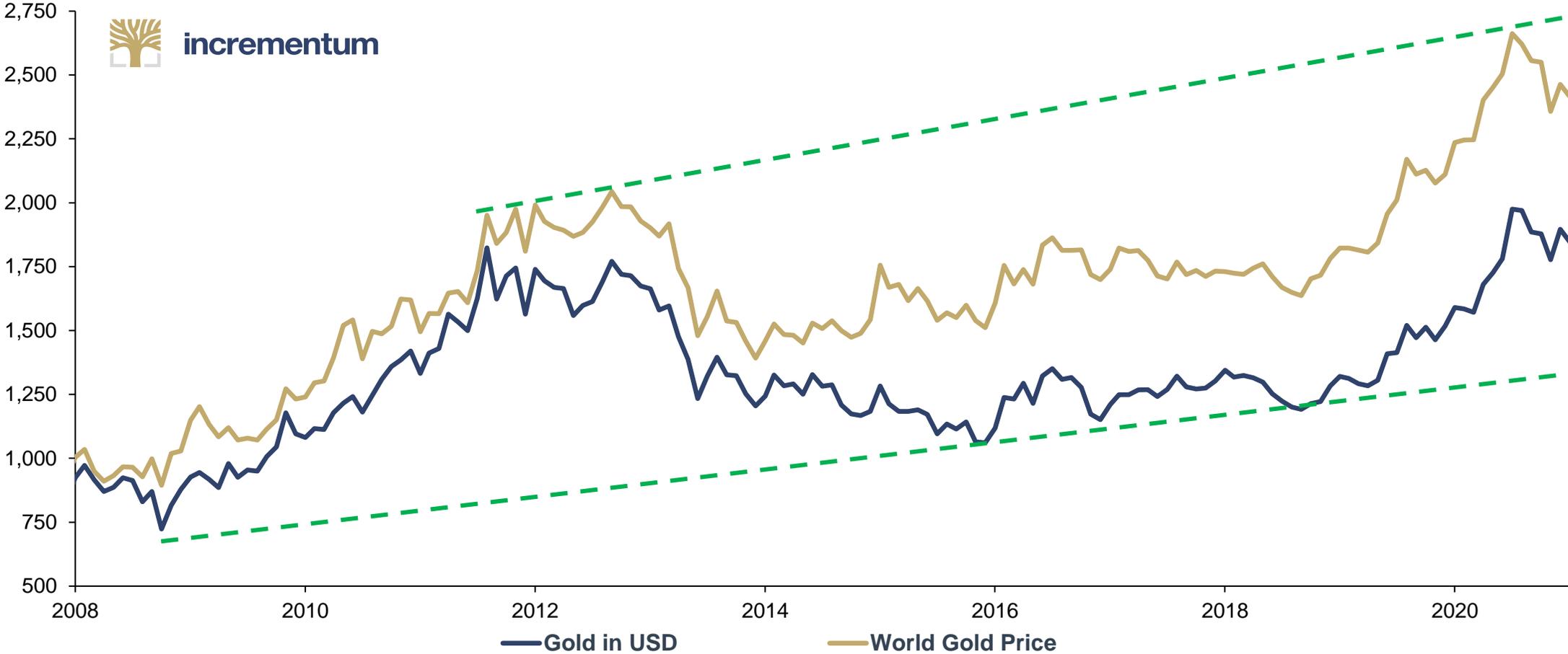
Gold Performance in Major Currencies, Indexed 01/2009 = 100, 01/2009-01/2021



Source: Reuters Eikon, Incrementum AG

# World Gold Price Trading Close to Its All-Time Highs

Gold in USD, and World Gold Price, 01/2008-01/2021



Source: Reuters Eikon, Incrementum AG

# Is Gold Getting More Expensive or Is the Euro Losing Value?

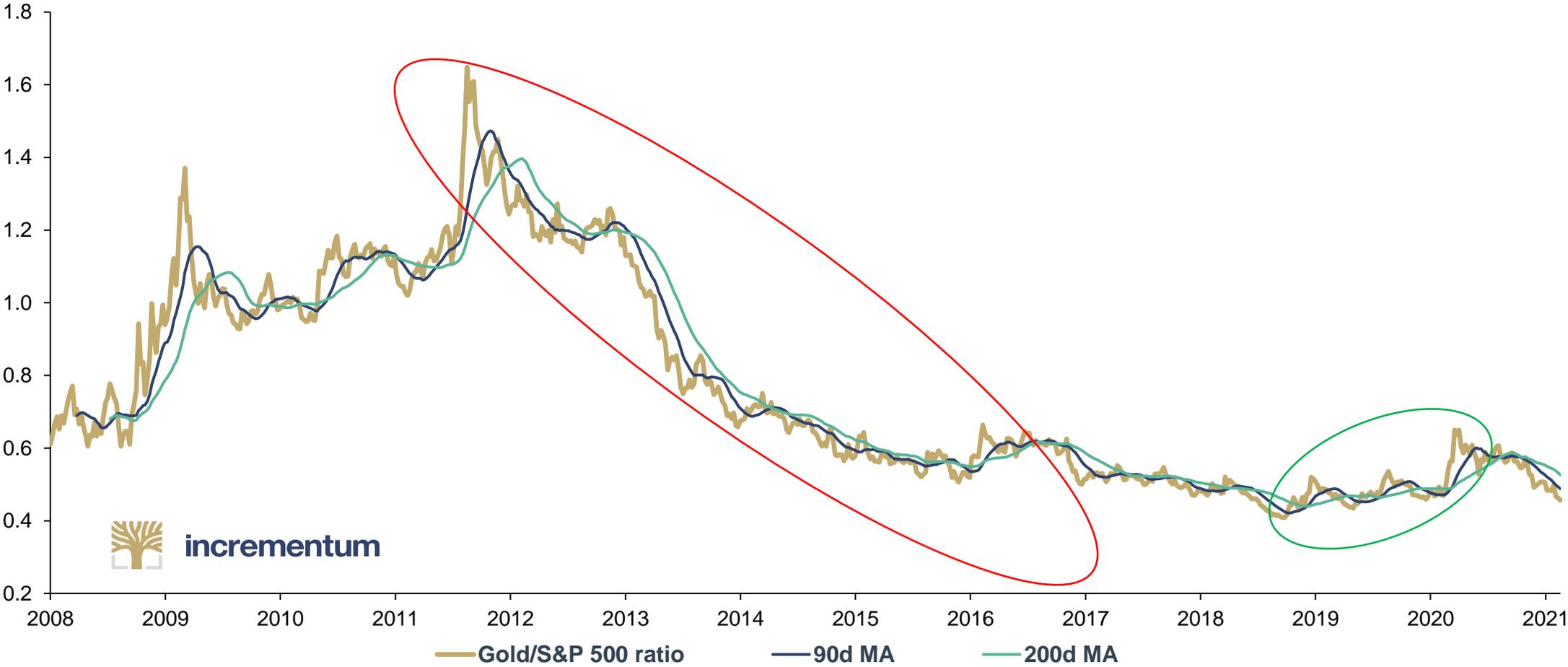
Milligrams Gold per Euro, 01/1999-02/2021



Source: Reuters Eikon, Incrementum AG

# Stocks Have Recently Outperformed Gold...

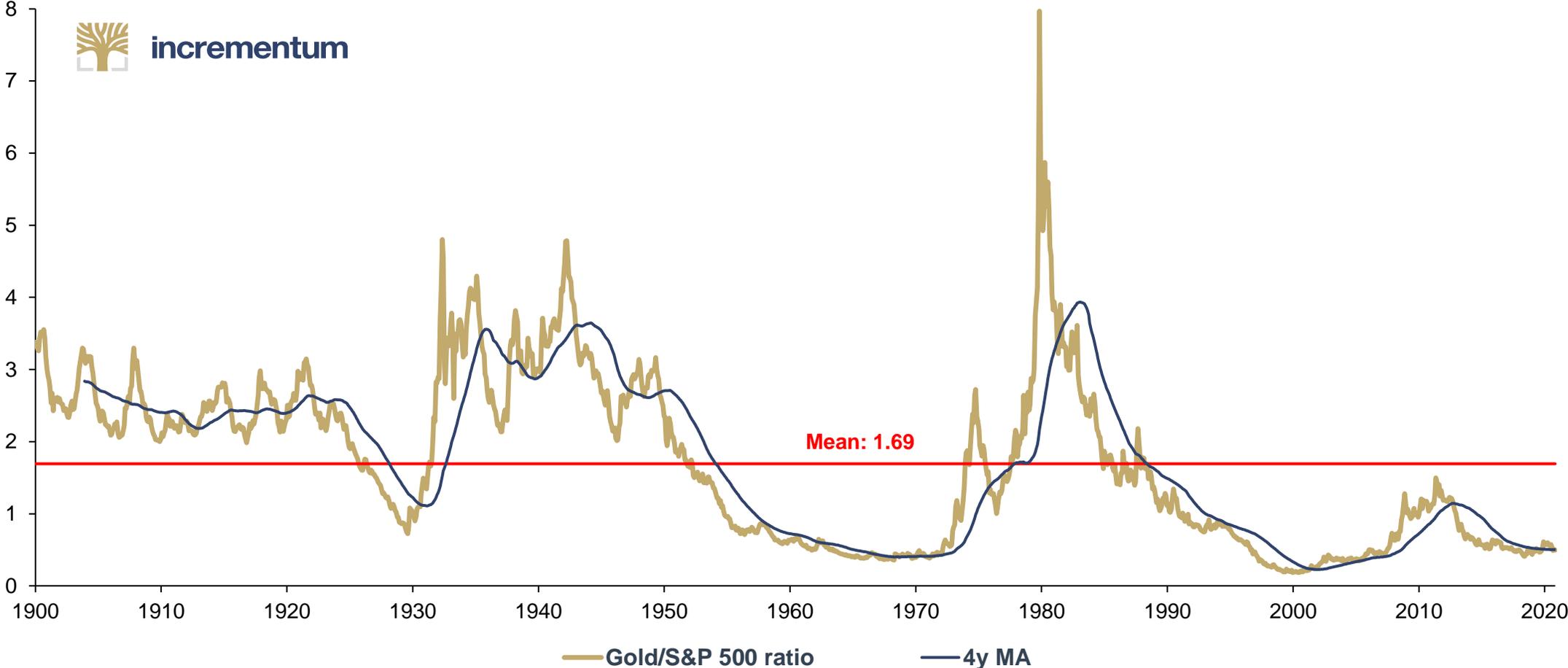
Gold/S&P 500 Ratio, 90d MA, 200d MA, 01/2008-01/2021



Source: Reuters Eikon, Incrementum AG

# ...But Gold Looks Cheap Compared to the S&P 500

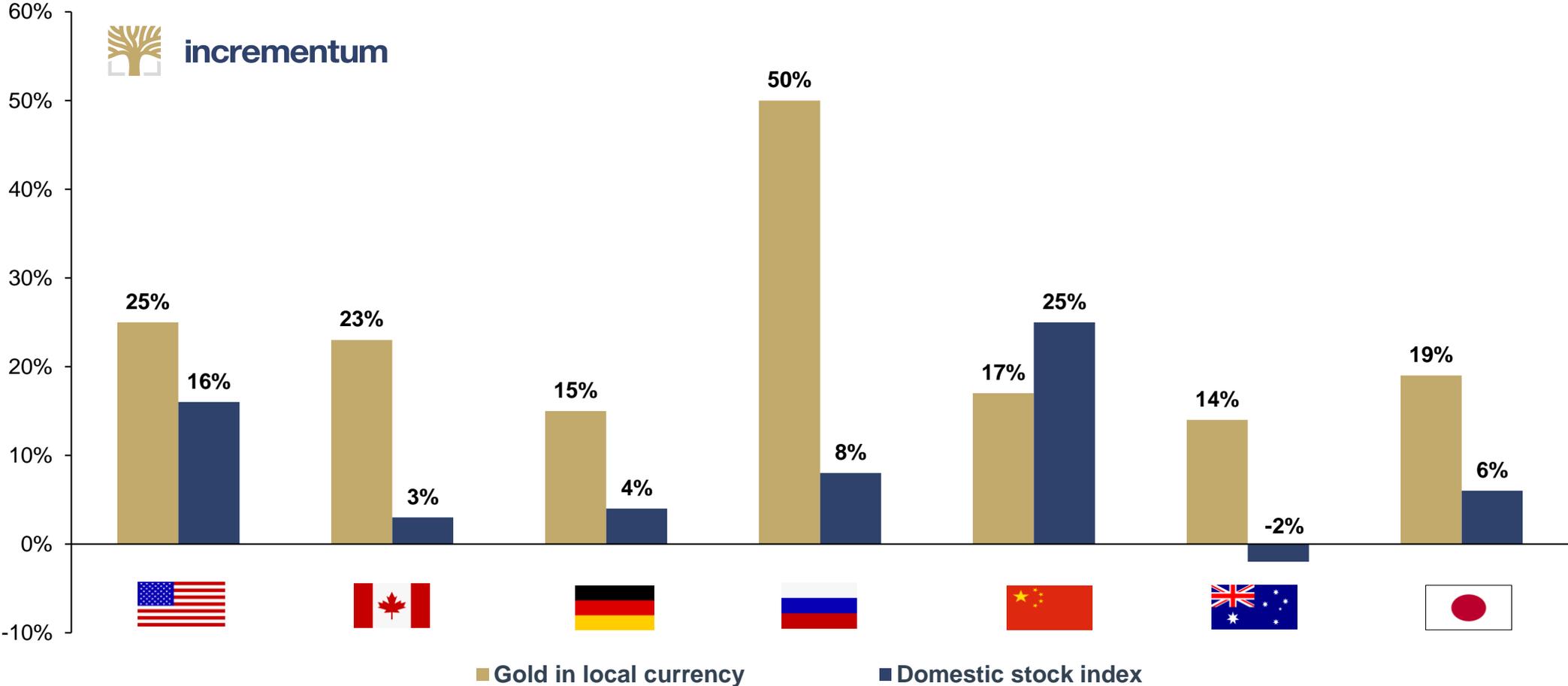
Gold/S&P 500 ratio, 01/1900-01/2021



Source: Gavekal Research, Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

# Gold Did Its Job Well in the Tumultuous Year of 2020

Gold in Local Currency, and Domestic Stock Index, Annual Performance in %, 2020



Source: Reuters Eikon (as of 30th of Dec 2020), Incrementum AG

# Gold Works Well as Portfolio Stabilizer

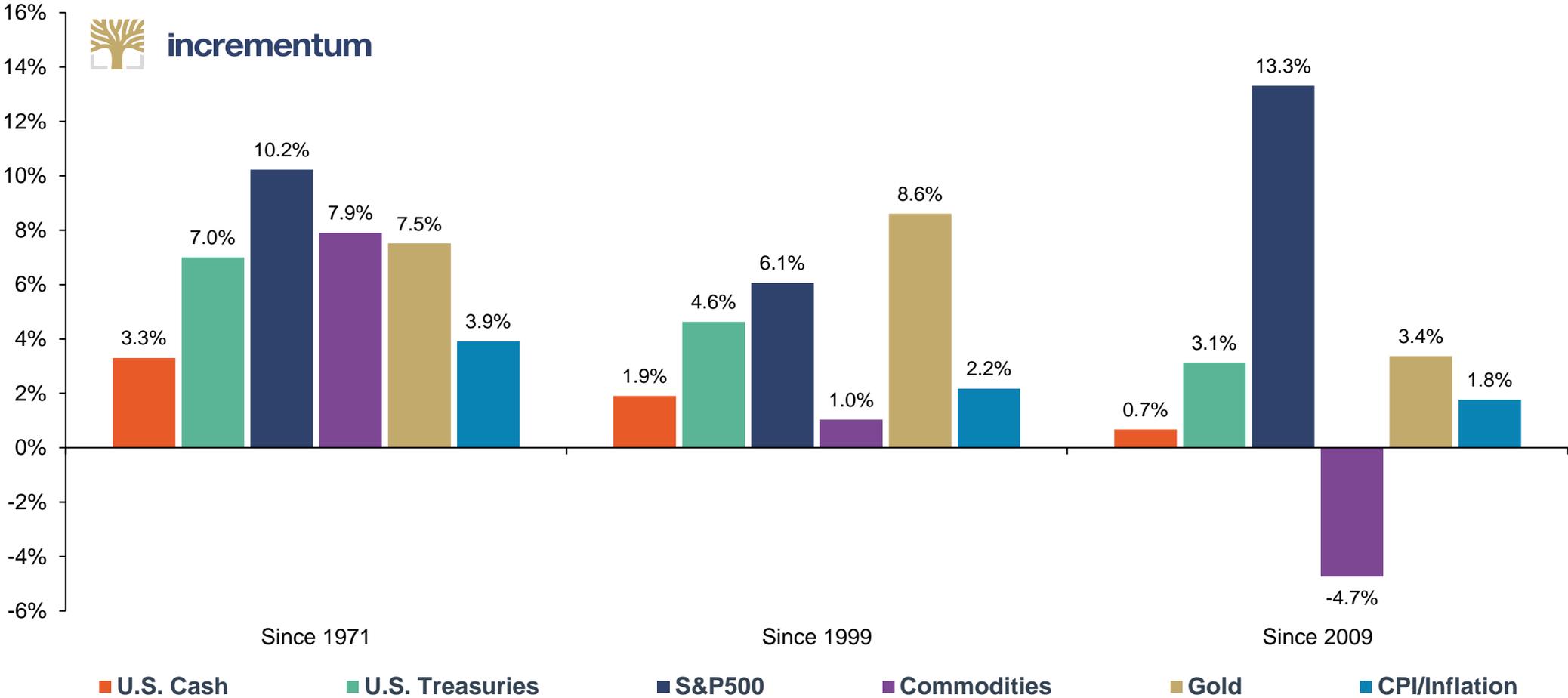
S&P 500 Return vs. Gold Return during times of equity crashes

Date of Market High	Date of Market Low	S&P 500 Return	Gold Return	Gold Relative to S&P500
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%
	<b>Mean</b>	<b>-36.65%</b>	<b>10.28%</b>	<b>45.85%</b>
	<b>Median</b>	<b>-27.97%</b>	<b>1.38%</b>	<b>27.54%</b>

Source: Cornerstone Macro, Bloomberg, Incrementum AG

# Gold Did Well – Both on a Relative but also on an Absolute Basis

Compound Annual Growth Rates of Financial Assets since 1971, 1999 and 2009



Source: World Gold Council, DGYDJ, Voima, Incrementum AG

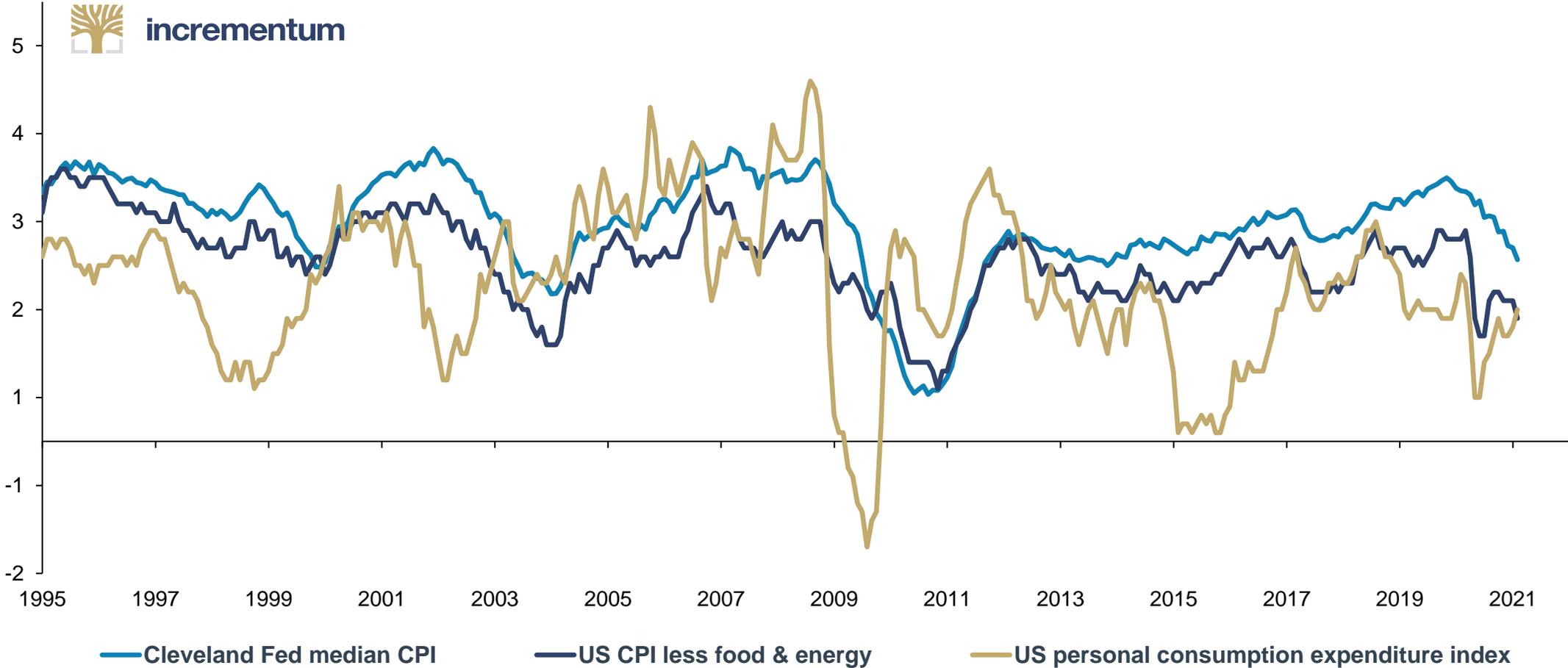
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## 3. Inflation and the Boy Who Cried Wolf

*“My own sort of central case is that for the first time in a long time, I am actually worried about inflation.”*  
Stanley Druckenmiller

# No Inflation Pressure For Now, But...

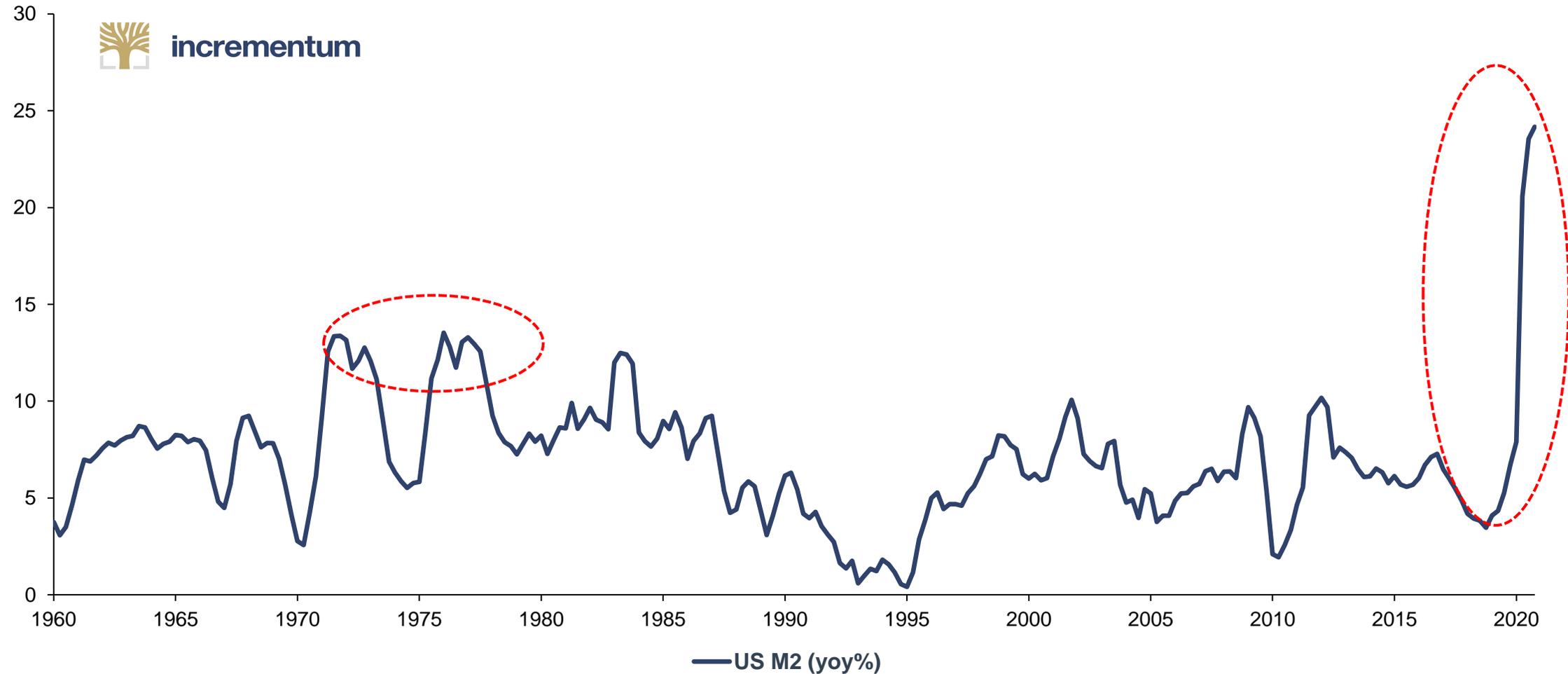
Different Measures of inflation, YoY%, 01/1995-01/2021



Source: Reuters Eikon, Incrementum AG

# ...Monetary Growth Far Bigger Than in Inflationary 1970s...

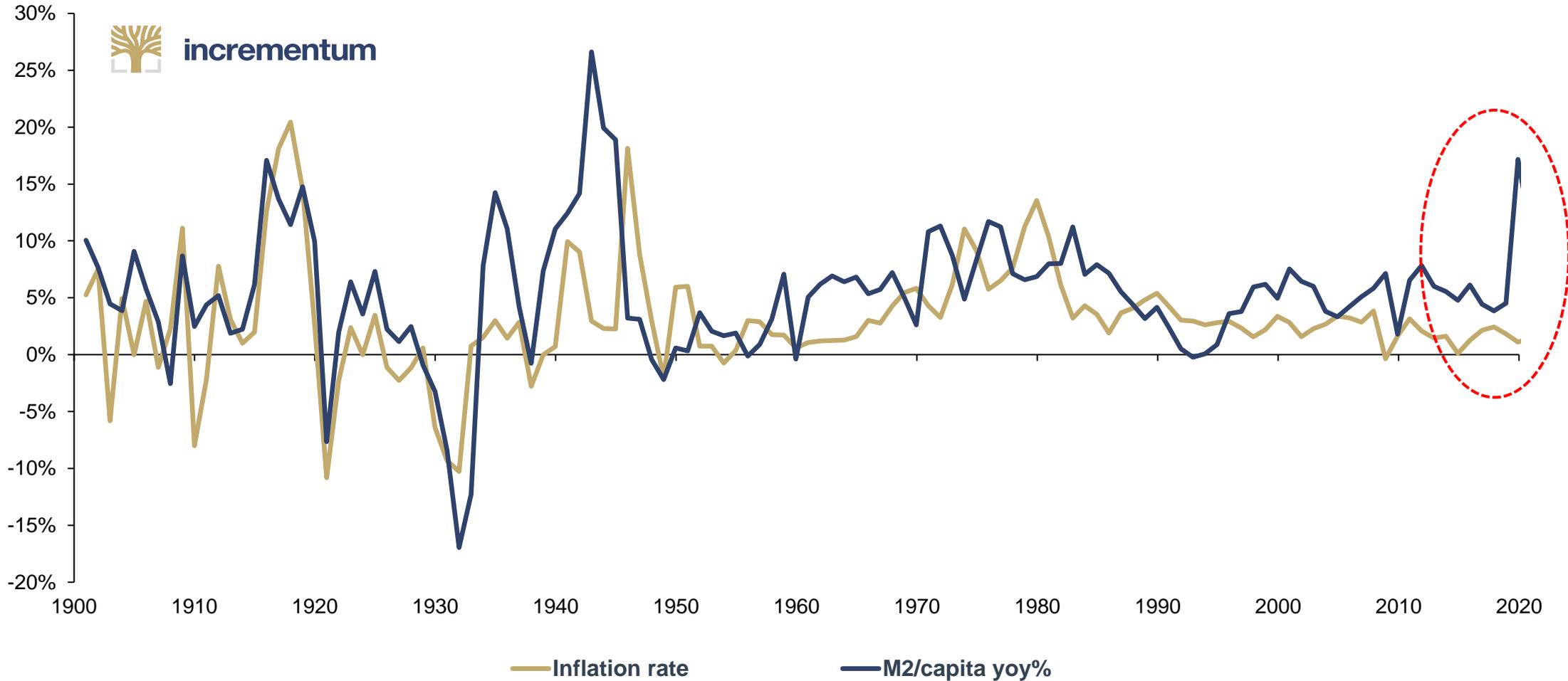
US M2 (yoy%), Q1/1960-Q4/2020



Source: Reuters Eikon, Incrementum AG

# M2 and Inflation Are Highly Correlated – When Will Inflation Follow?

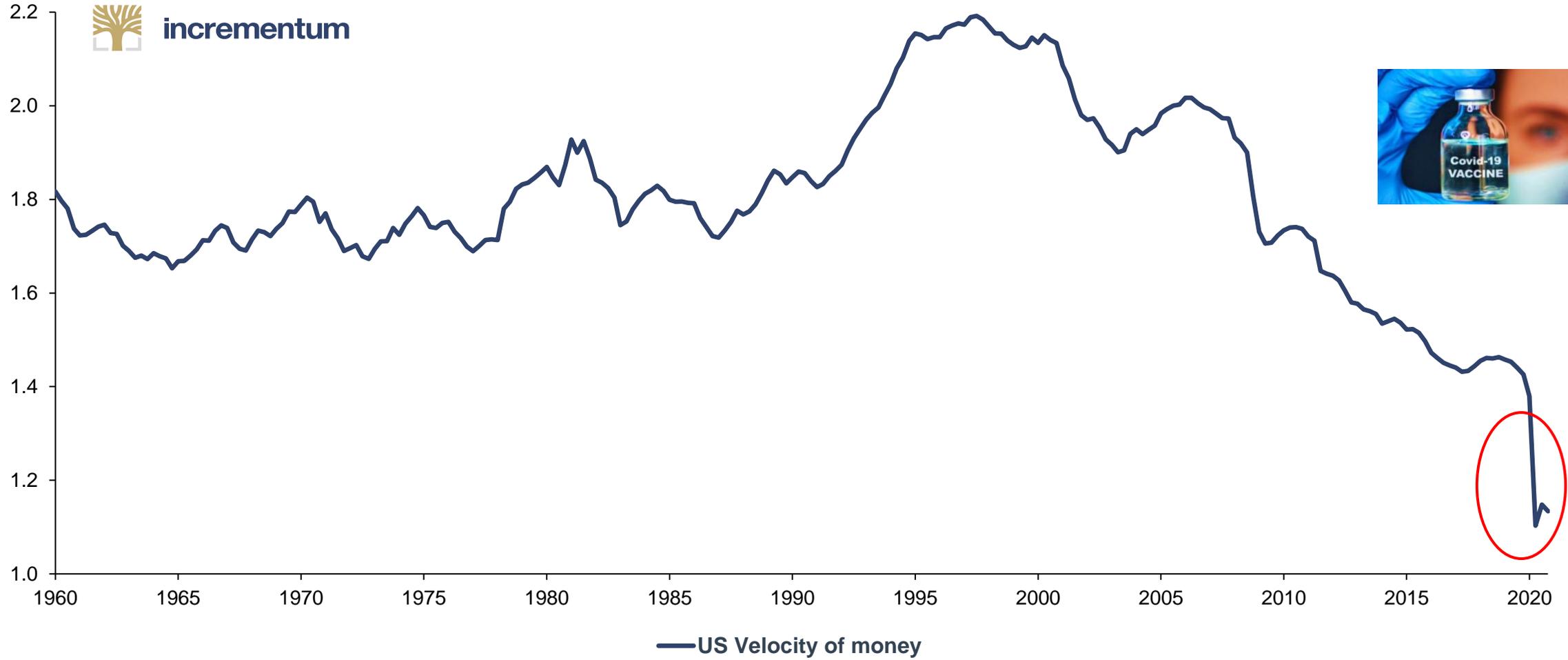
Inflation rate, and M2/capita yoy%, 1900-2020



Source: Lyn Alden, Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

# Velocity of Money Is Very Low – But for How Much Longer?

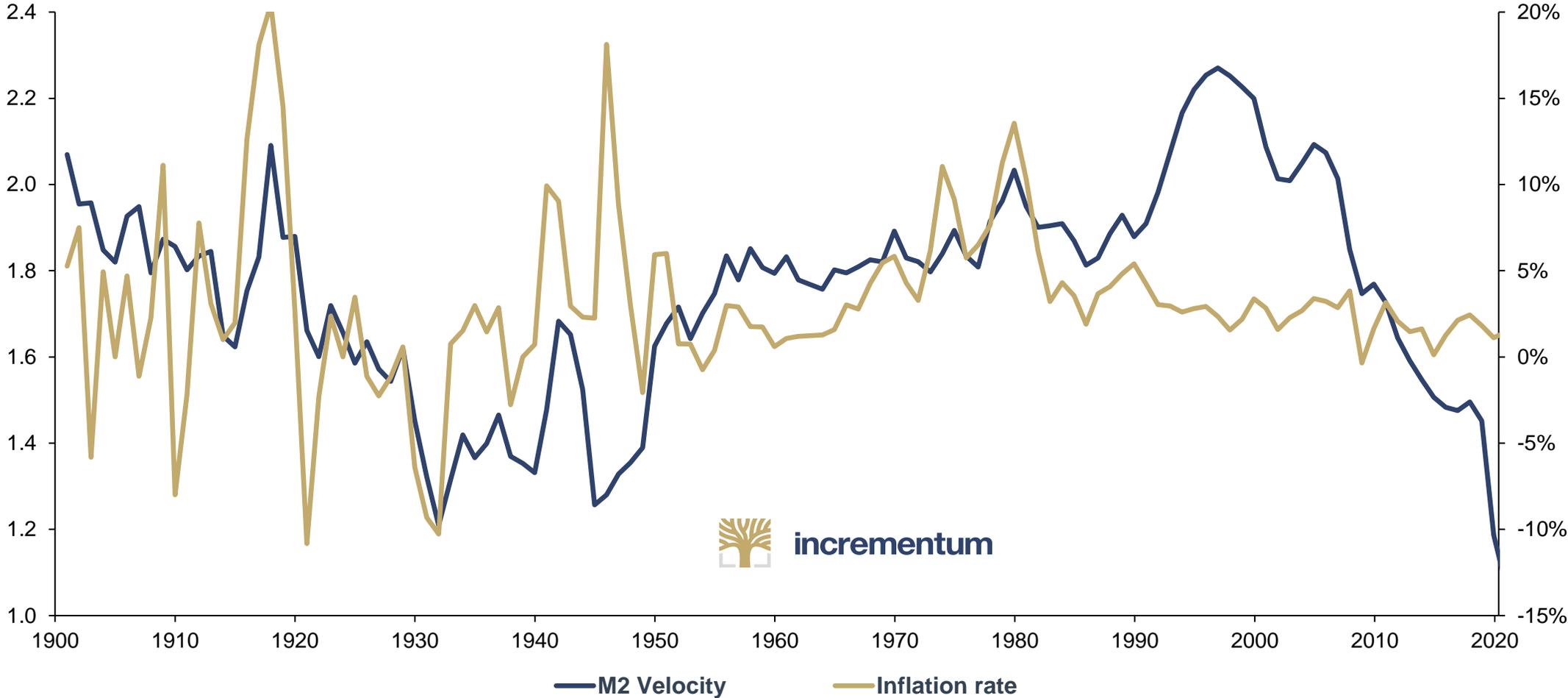
US M2 Velocity of Money, Q1/1960-Q3/2020



Source: Reuters Eikon, Incrementum AG

# If Velocity Picks Up, Inflation Will Follow

M2 Velocity (lhs), and Inflation rate (rhs), 1900-2020



Source: Lyn Alden, Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

# Commodities and Inflation Expectations Rise in Lockstep...

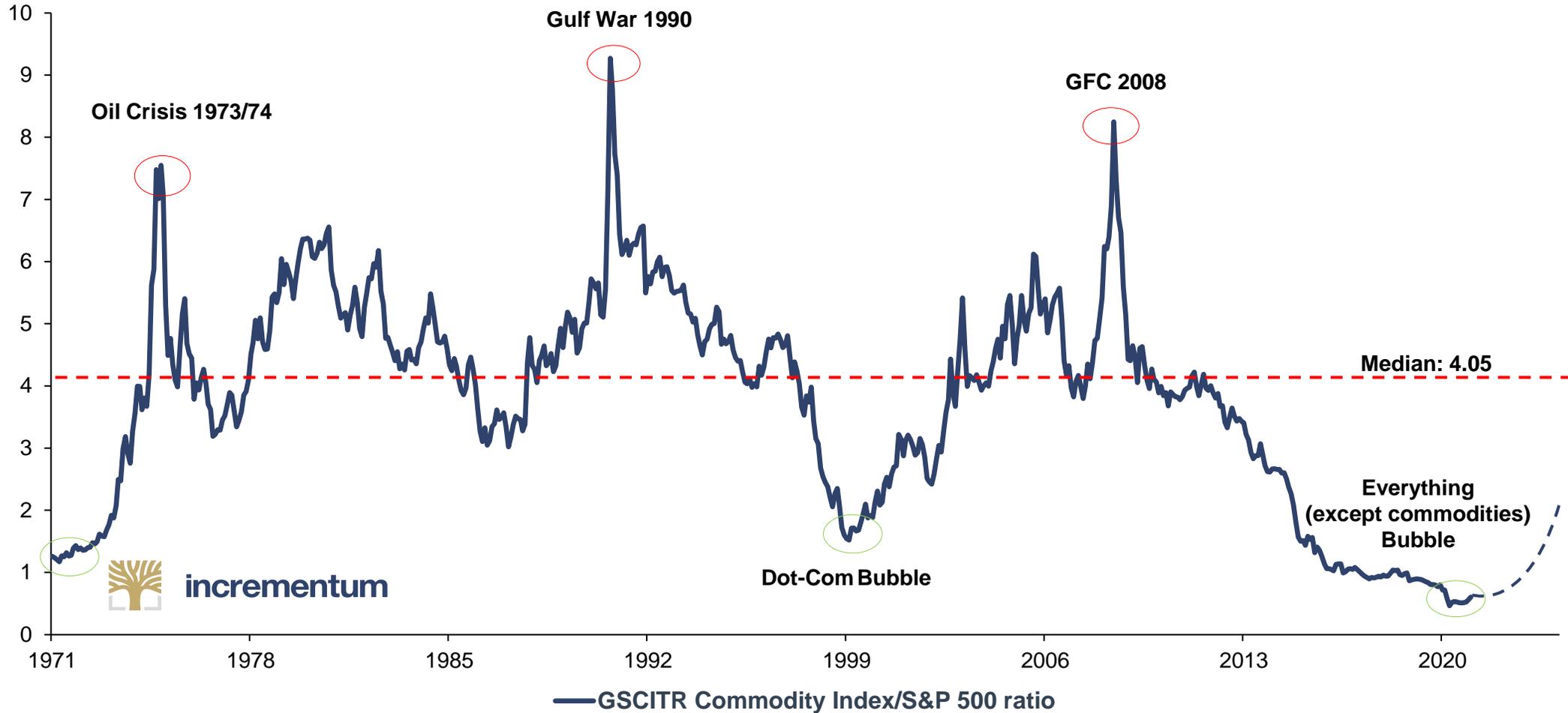
CRB Index (lhs), and Inflation Expectations RINF (rhs), 11/2016–02/2021



Source: Reuters Eikon, Incrementum AG

# ...But Commodities Still Inexpensive Relative to S&P 500

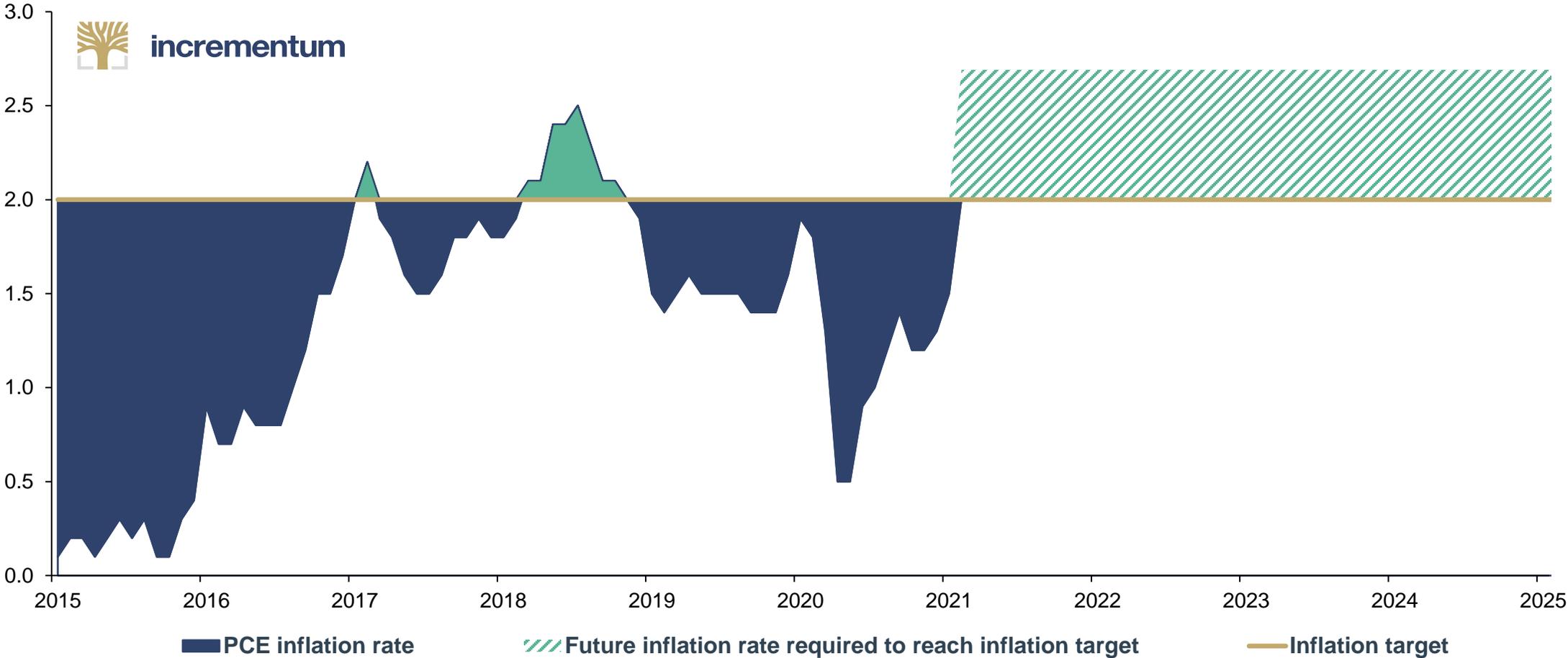
GSCITR Commodity Index/S&P 500 ratio, 01/1971-01/2021



Source: Lynkeus Capital LLC, Reuters Eikon, Incrementum AG

# Average Inflation Targeting: Inflation Overshoot Will Be Tolerated

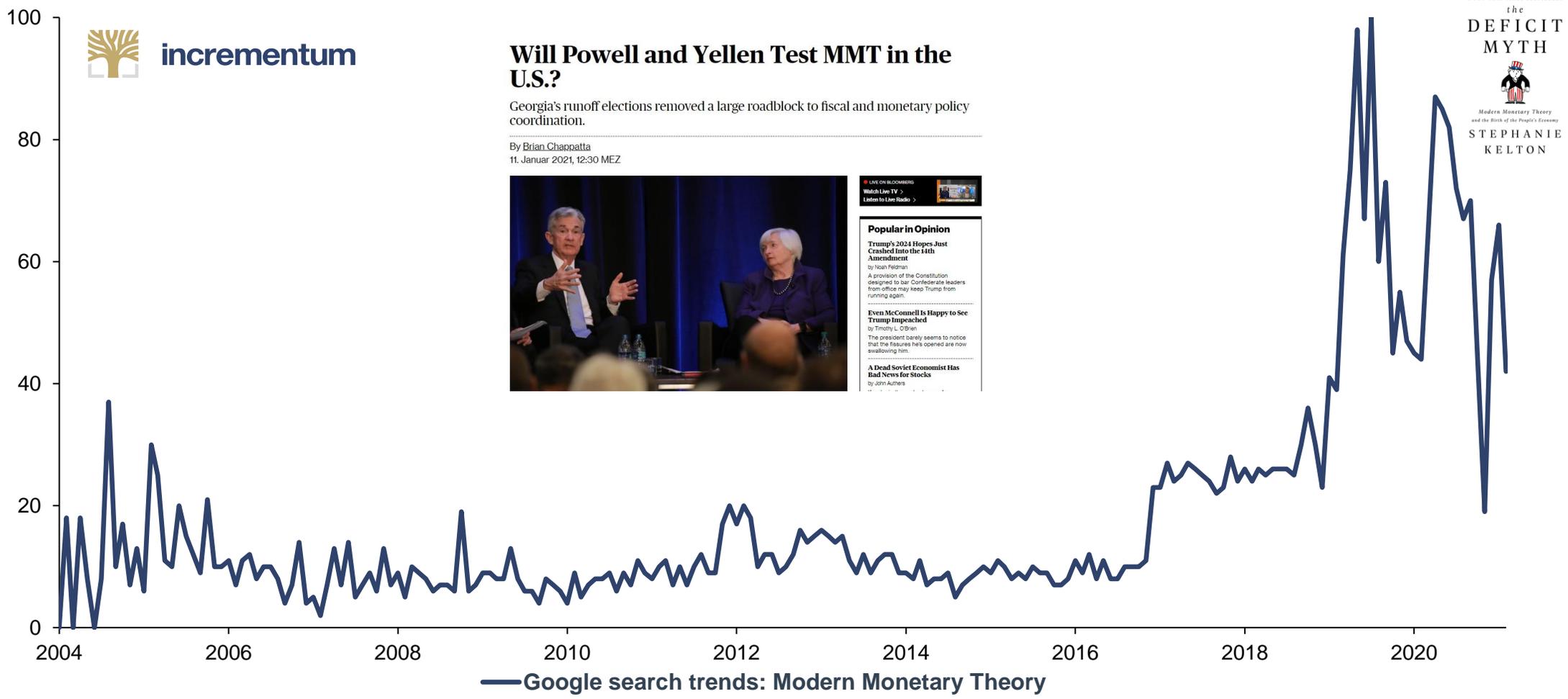
Inflation balance of the Federal Reserve, in %, 01/2015-01/2021



Source: FvS, Reuters Eikon, Incrementum AG

# Possible Trigger of Inflation? Radical Ideas Are Becoming Mainstream

Google search trends: "Modern Monetary Theory", 01/2004-02/2021



Source: Google Trends, Incrementum AG

# Possible Trigger of Inflation? A Further Depreciating US Dollar

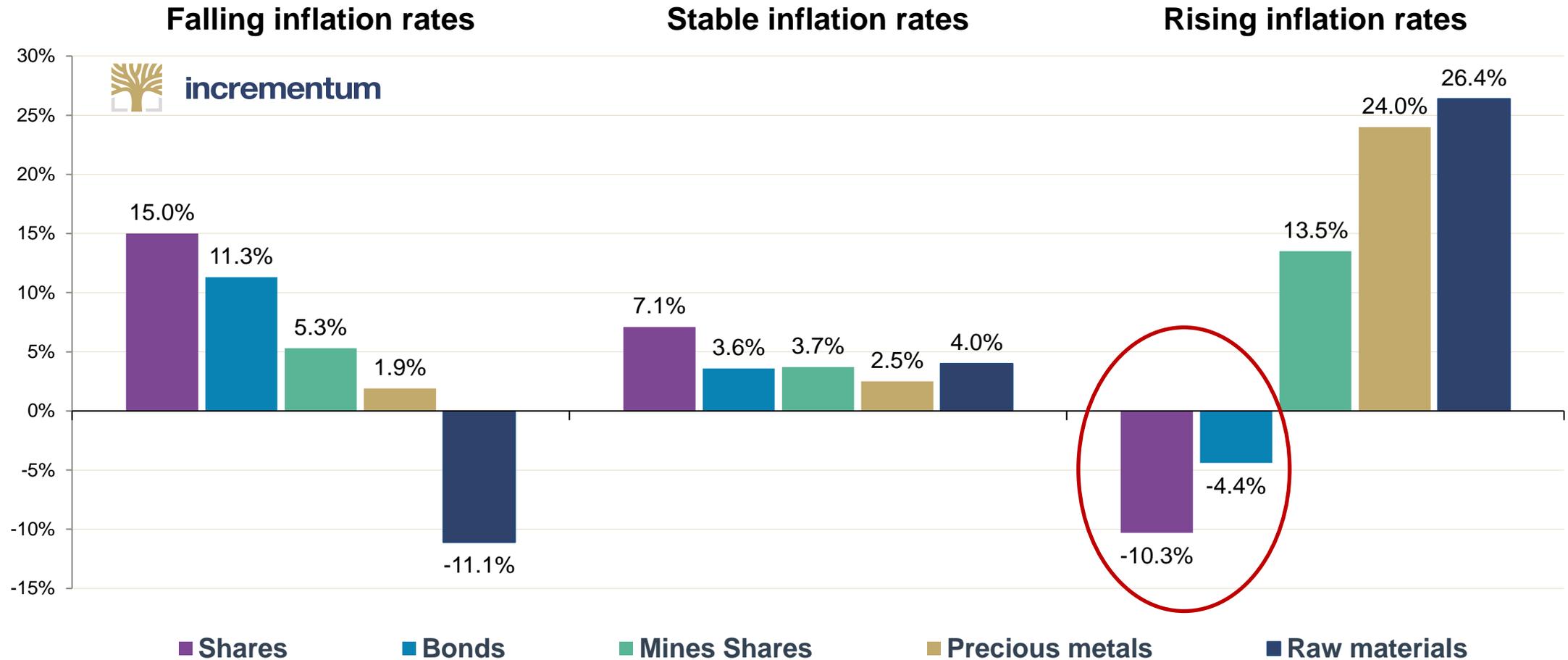
US Dollar Index, 01/2009-02/2021



Source: Reuters Eikon, Incrementum AG

# The Problem: Rising Inflation Is Negative for Most Asset Classes

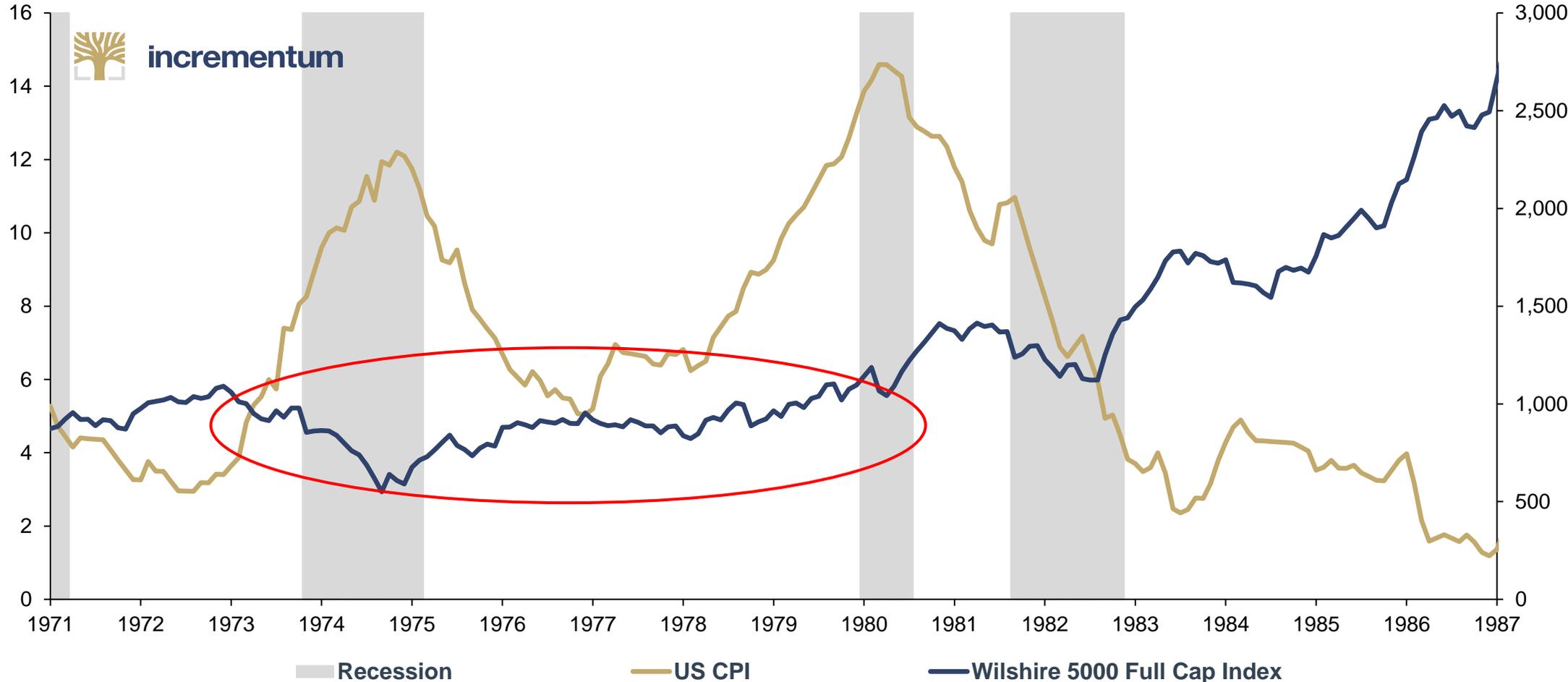
Compound annual growth rates of different asset classes in different inflation regimes



Source: Wellington Asset Management, Incrementum AG

# Persistent Myth: Stocks Protect Against Inflation

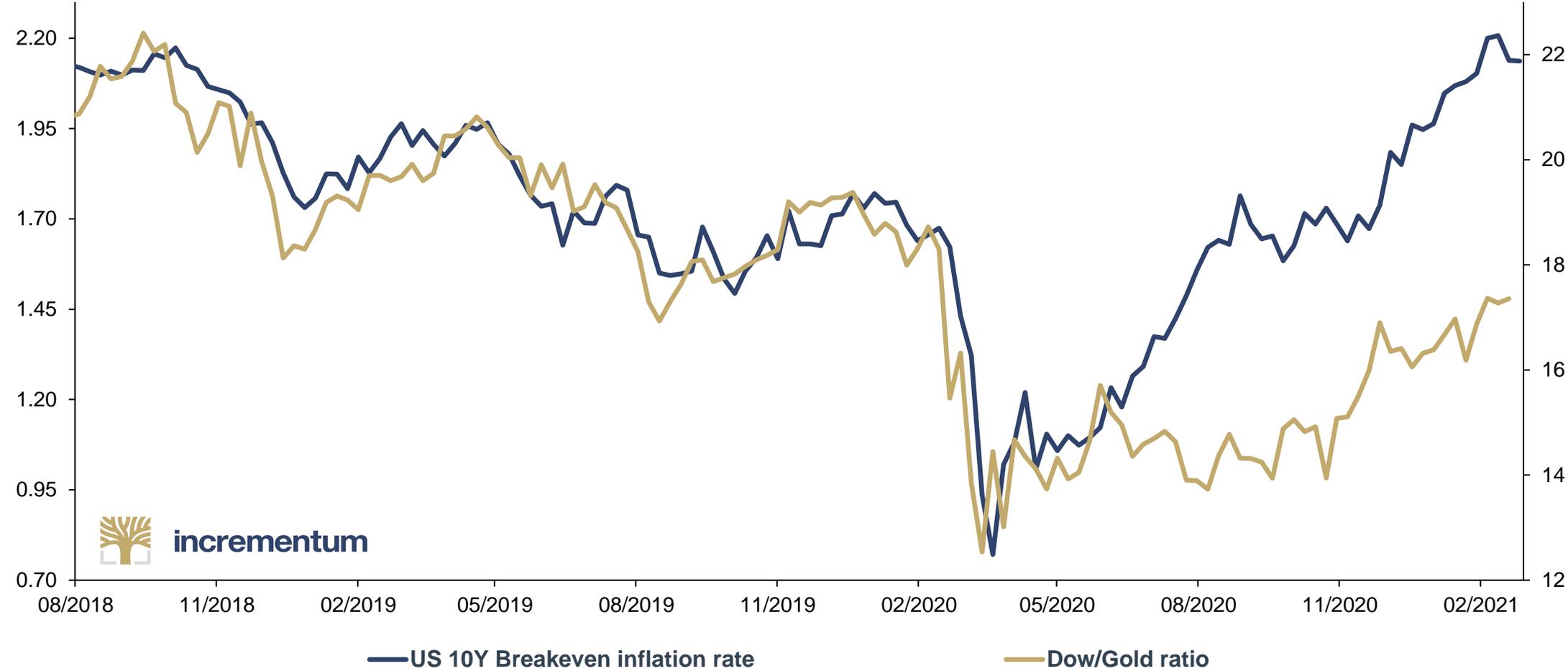
CPI, in % yoy (lhs), Wilshire 5000 Full Cap Index (rhs), 01/1971-01/1987



Source: Federal Reserve St. Louis, Incrementum AG

# Inflation Tendencies and Dow/Gold-Ratio Are Highly Correlated

US 10Y Breakeven inflation rate (lhs), and Dow/Gold ratio (rhs), 08/2018-02/2021



Source: Reuters Eikon, Incrementum AG

# The Challenge: Which Asset Classes Protect Against Inflation?

Inflation-sensitive investments	Advantages	Disadvantages
<b>Inflation-indexed bonds</b>	Direct link to the official inflation rate	Counterparty risk, inflation rate underreported, hedges only over term
<b>Precious metals</b>	Liquid, no counterparty risk	Inflation protection only over long periods, volatile as single stock
<b>Commodities, direct investment</b>	High correlation with inflation trend	High storage costs or negative return due to rolling losses
<b>Commodity currencies</b>	Correlation to raw materials without storage costs	No productive capital
<b>Emerging market bonds</b>	Yielding	Interest rate risk, issuer risk
<b>Commodity stocks</b>	Productive assets, dividends	Equity market risk
<b>Cryptocurrencies / Bitcoin</b>	Liquid, absolutely limited quantity, high upside potential	Young asset class, extreme volatility, low correlation to inflation

Source: Incrementum AG

# Which Asset Classes Work in Stagflation?

## Historical Asset Class Performance During Stagflationary Periods

Start	End	S&P 500	US Dollar	S&P GSCI	Metals	Industrial Commodities	Agriculture/Livestock	Gold	Silver	WTI Oil	US T10Y (bps)
Q4/1959	Q1/1971	13.2%		-3.5%	-8.8%	-6.4%	8.9%	10.5%	-10.1%	6.3%	-198
Q4/1973	Q3/1975	-5.7%	11.6%	18.3%	21.8%	-1.1%	10.0%	37.2%	64.7%	158.9%	158
Q2/1979	Q2/1981	32.7%	22.6%	33.0%	-7.8%	1.5%	22.8%	77.4%	4.3%	139.7%	472
Q1/1982	Q1/1983	42.9%	6.8%	1.4%	-11.8%	-5.8%	1.6%	29.7%	48.7%	7.5%	-356
<b>Average nominal return</b>		<b>20.8%</b>	<b>13.7%</b>	<b>12.3%</b>	<b>-1.6%</b>	<b>-2.9%</b>	<b>10.8%</b>	<b>38.7%</b>	<b>26.9%</b>	<b>78.1%</b>	<b>19</b>
<b>Average real return</b>		<b>7.0%</b>	<b>-0.1%</b>	<b>-1.5%</b>	<b>-15.5%</b>	<b>-16.8%</b>	<b>-3.0%</b>	<b>24.9%</b>	<b>13.1%</b>	<b>64.3%</b>	

Source: Bloomberg, Haver Analytics, Rosenberg Research, Incrementum AG

# Which Sectors Work in Stagflation?

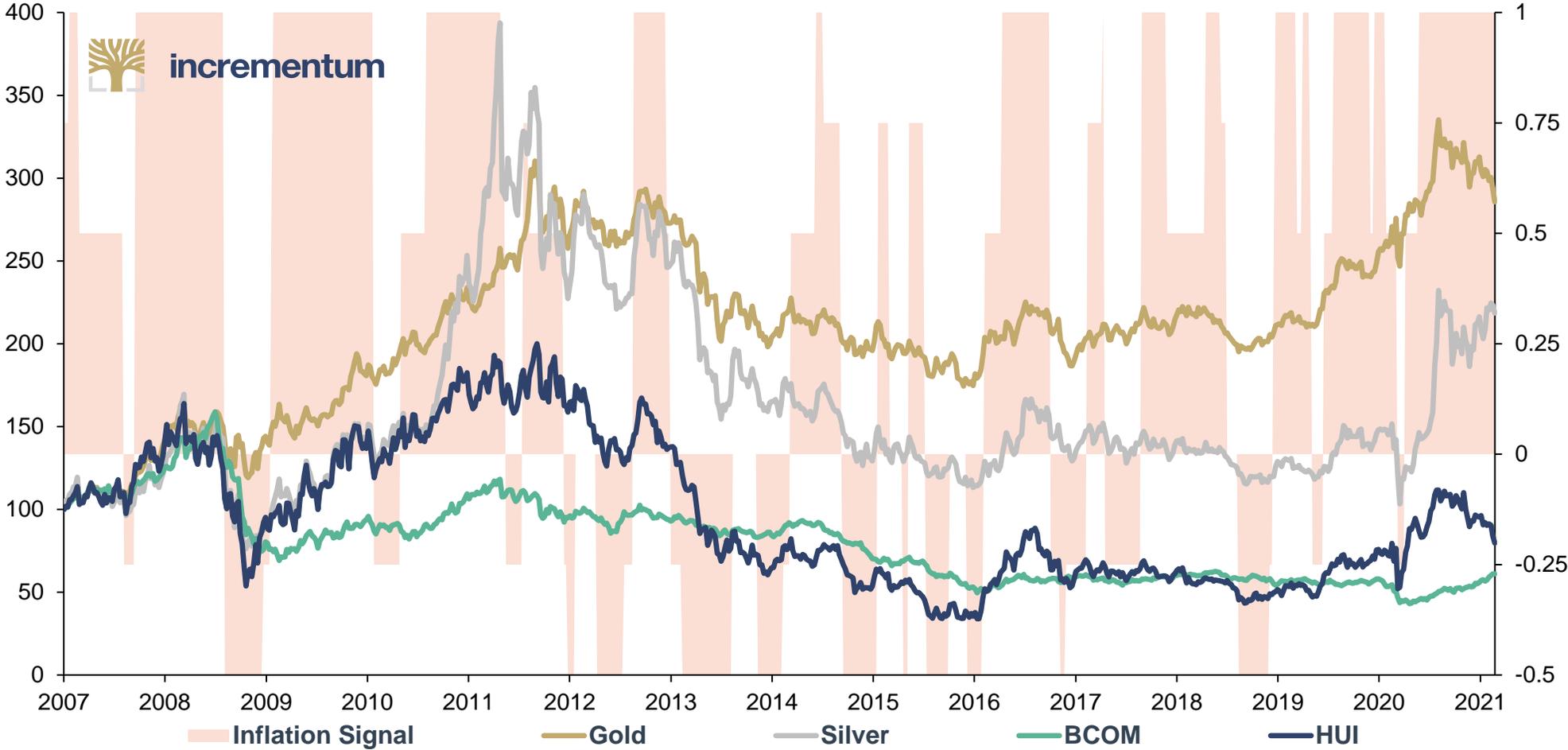
## Historical Equity Sector Performance During Stagflationary Periods

Start	End	Materials	Discretionary	Industrials	Energy	Health Care	Financials	Staples	Info. Tech.	Telecom	Utilities
Q4/1973	Q3/1975	18.9%	-7.9%	-13.6%	-4.0%	-11.0%	-21.0%	-10.0%	-24.3%	-2.6%	-11.1%
Q2/1979	Q2/1981	26.6%	17.0%	33.2%	54.2%	29.3%	37.4%	20.4%	-7.9%	-5.8%	-4.4%
Q1/1982	Q1/1983	48.5%	70.5%	55.2%	17.8%	43.0%	41.2%	45.8%	79.3%	15.9%	16.8%
<b>Average nominal return</b>		<b>31.4%</b>	<b>26.5%</b>	<b>25.0%</b>	<b>22.7%</b>	<b>20.4%</b>	<b>19.2%</b>	<b>18.7%</b>	<b>15.7%</b>	<b>2.5%</b>	<b>0.4%</b>
<b>Average real return</b>		<b>17.6%</b>	<b>12.7%</b>	<b>11.1%</b>	<b>8.9%</b>	<b>6.6%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>1.9%</b>	<b>-11.3%</b>	<b>-13.4%</b>

Source: Bloomberg, Haver Analytics, Rosenberg Research, Incrementum AG

# Incrementum Inflation Signal Continues to Show Rising Inflation

Inflation-sensitive assets (lhs), indexed 01/2007 = 100, and Incrementum Inflation Signal (rhs), 01/2007-02/2021



Source: Reuters Eikon, Incrementum AG

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## 4. Silver's Silver Lining

*“Everyone’s looking for gold. So, I’ll be the one collecting the silver.”*

Rehan Khan, A Tudor Turk

# Silver Had a Tremendous 2020!

Silver in Various Currencies since 2000 & Average Returns

	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000	-15.0%	-9.2%	-8.1%	-0.1%	-11.9%	-15.0%	-5.0%	-13.9%	-8.9%	-9.7%
2001	0.4%	6.3%	3.3%	9.9%	6.7%	0.4%	15.7%	3.5%	3.8%	5.6%
2002	3.3%	-12.4%	-6.8%	-6.0%	2.0%	3.3%	-6.9%	-14.1%	2.7%	-3.9%
2003	24.6%	3.9%	12.4%	-7.0%	2.7%	24.6%	12.6%	11.9%	18.6%	11.6%
2004	14.5%	6.3%	6.6%	10.1%	6.2%	14.5%	9.3%	5.1%	8.6%	9.0%
2005	29.7%	48.6%	44.6%	38.3%	25.4%	26.5%	49.3%	49.8%	35.0%	38.6%
2006	46.1%	31.1%	28.4%	35.8%	46.4%	41.3%	47.4%	35.5%	43.3%	39.5%
2007	14.8%	3.8%	13.3%	3.4%	-1.8%	7.4%	7.4%	6.8%	2.5%	6.4%
2008	-23.5%	-20.1%	3.8%	-5.3%	-6.6%	-28.5%	-37.7%	-28.0%	-5.6%	-16.8%
2009	48.9%	45.4%	34.9%	17.4%	28.8%	49.0%	52.7%	44.6%	42.3%	40.4%
2010	83.4%	96.2%	89.9%	61.2%	73.8%	77.0%	60.2%	65.3%	76.6%	76.0%
2011	-10.3%	-7.3%	-9.9%	-10.5%	-8.2%	-14.3%	-14.9%	-9.9%	6.4%	-8.8%
2012	9.5%	7.4%	4.6%	7.7%	6.5%	8.4%	23.4%	6.9%	13.6%	9.8%
2013	-36.0%	-38.5%	-37.1%	-25.3%	-31.4%	-37.8%	-22.3%	-37.5%	-28.0%	-32.7%
2014	-19.3%	-8.3%	-14.2%	-12.0%	-11.7%	-17.3%	-8.3%	-10.2%	-17.7%	-13.2%
2015	-11.7%	-1.6%	-6.7%	-0.8%	5.2%	-7.6%	-11.2%	-11.0%	-7.2%	-5.9%
2016	15.2%	19.0%	37.6%	16.2%	11.8%	23.2%	11.9%	17.1%	18.3%	18.9%
2017	6.4%	-6.8%	-2.9%	-1.6%	-0.4%	-0.3%	2.5%	1.8%	-0.1%	-0.2%
2018	-8.7%	-4.5%	-3.2%	1.1%	-1.0%	-3.5%	-11.2%	-8.0%	-0.5%	-4.4%
2019	15.2%	17.8%	10.8%	15.6%	9.7%	16.6%	14.2%	13.6%	18.1%	14.6%
2020	47.8%	35.7%	43.4%	34.9%	44.9%	38.6%	40.5%	35.2%	51.3%	41.4%
2021 ytd	-1.9%	-0.3%	-4.5%	-3.7%	-3.0%	-1.5%	1.8%	2.0%	-1.5%	-1.4%
Average	10.7%	9.8%	11.0%	8.4%	9.0%	9.5%	10.6%	7.7%	12.6%	9.9%

Source: Reuters, Silverprice.org, Incrementum AG. Data as of March 3<sup>rd</sup> 2021

# Current Gold/Silver Ratio Is Twice as High as the Historical Average

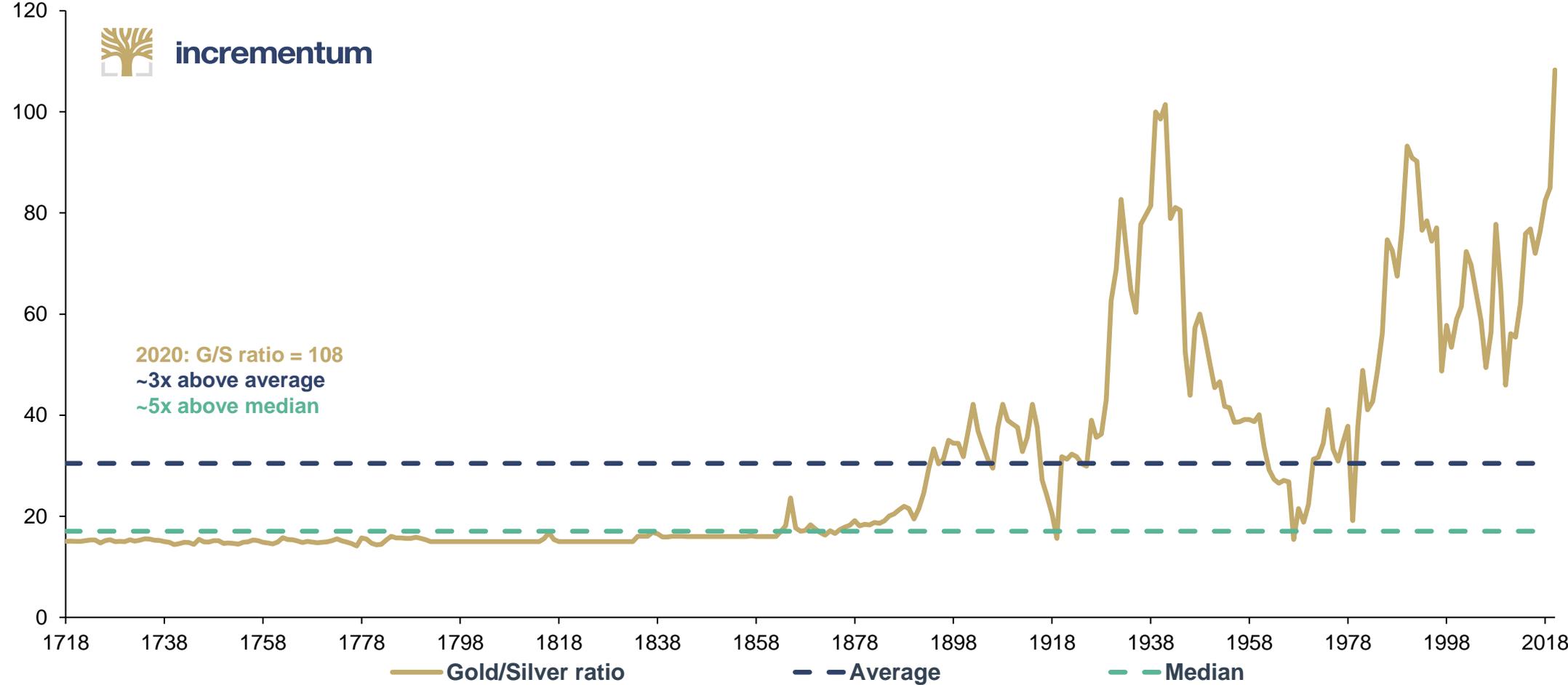
Gold/Silver ratios table

Gold/Silver ratios	10.0	20.0	25.0	33.3	50.0	100.0
1,000	100.0	50.0	40.0	30.0*	20.0	10.0
1,100	110.0	55.0	44.0	33.0	22.0	11.0
1,200	120.0	60.0	48.0	36.0	24.0	12.0
1,300	130.0	65.0	52.0	39.0	26.0	13.0
1,400	140.0	70.0	56.0	42.0	28.0	14.0
1,500	150.0	75.0	60.0	45.0	30.0*	15.0
1,600	160.0	80.0	64.0	48.0	32.0	16.0
1,700	170.0	85.0	68.0	51.0	34.0	17.0
1,800	180.0	90.0	72.0	54.0	36.0	18.0
1,900	190.0	95.0	76.0	57.0	38.0	19.0
2,000	200.0	100.0	80.0	60.0	40.0	20.0
2,100	210.0	105.0	84.0	63.0	42.0	21.0
2,200	220.0	110.0	88.0	66.0	44.0	22.0
2,300	230.0	115.0	92.0	69.0	46.0	23.0
2,400	240.0	120.0	96.0	72.0	48.0	24.0

Source: Incrementum AG, \*Average G/S ratio since 1718 (Nick Laird, goldchartsrus.com), Current Gold/Silver ratio as of March 3<sup>rd</sup> 2021

# The Gold/Silver Ratio Made A 300-Year High in 2020!

300 Years of Gold/Silver ratio, 1718-2020



Source: Nick Laird, goldchartsrus.com, Incrementum AG

# Silver Continues to Show Relative Strength vs. Gold

The Gold/Silver ratio of the Modern Era, 01/1971-02/2021



Source: Reuters, Wheaton Precious, Incrementum AG

# Will Silver Miners Start Outperforming Tech-Stocks?

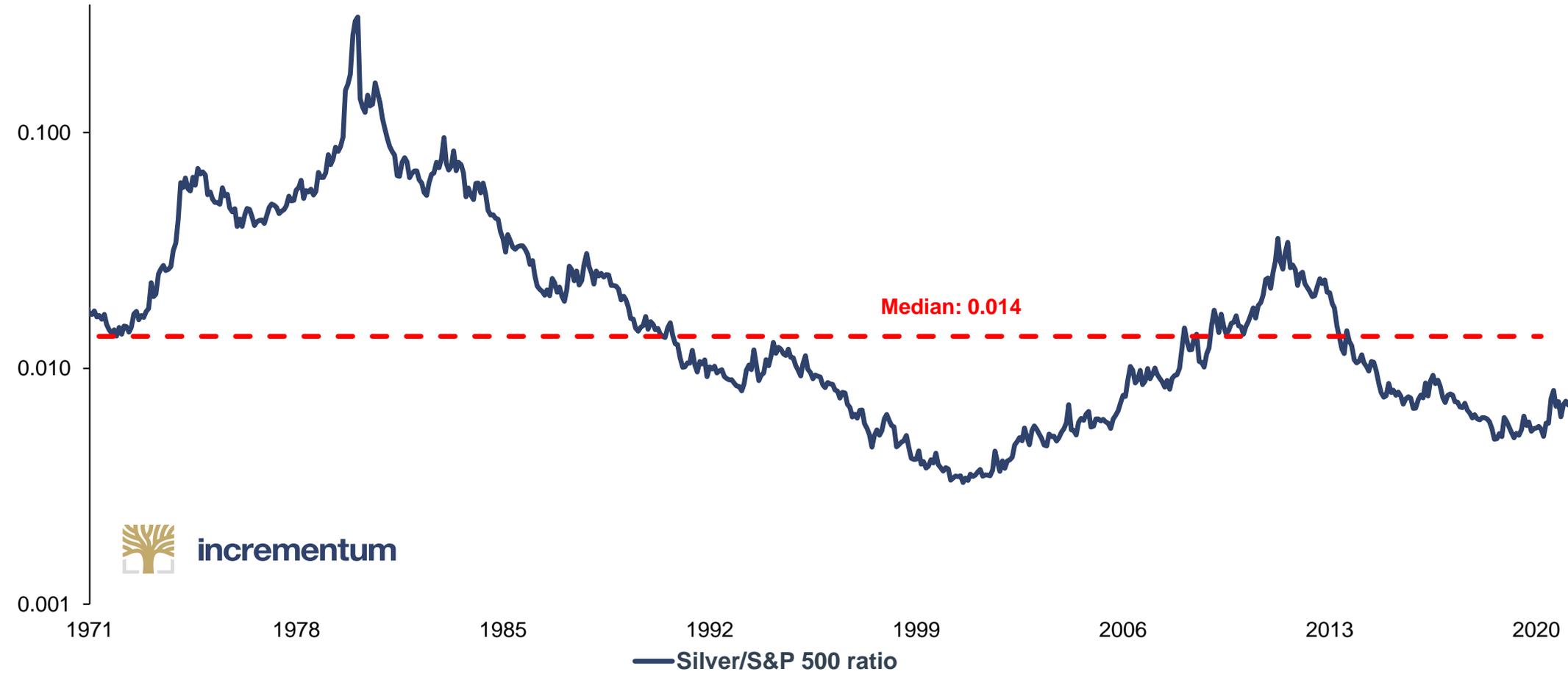
SIL/QQQ ratio, 04/2010-01/2021



Source: Crescat Capital LLC, Reuters Eikon, Incrementum AG

# Silver Inexpensive Relative To Stocks

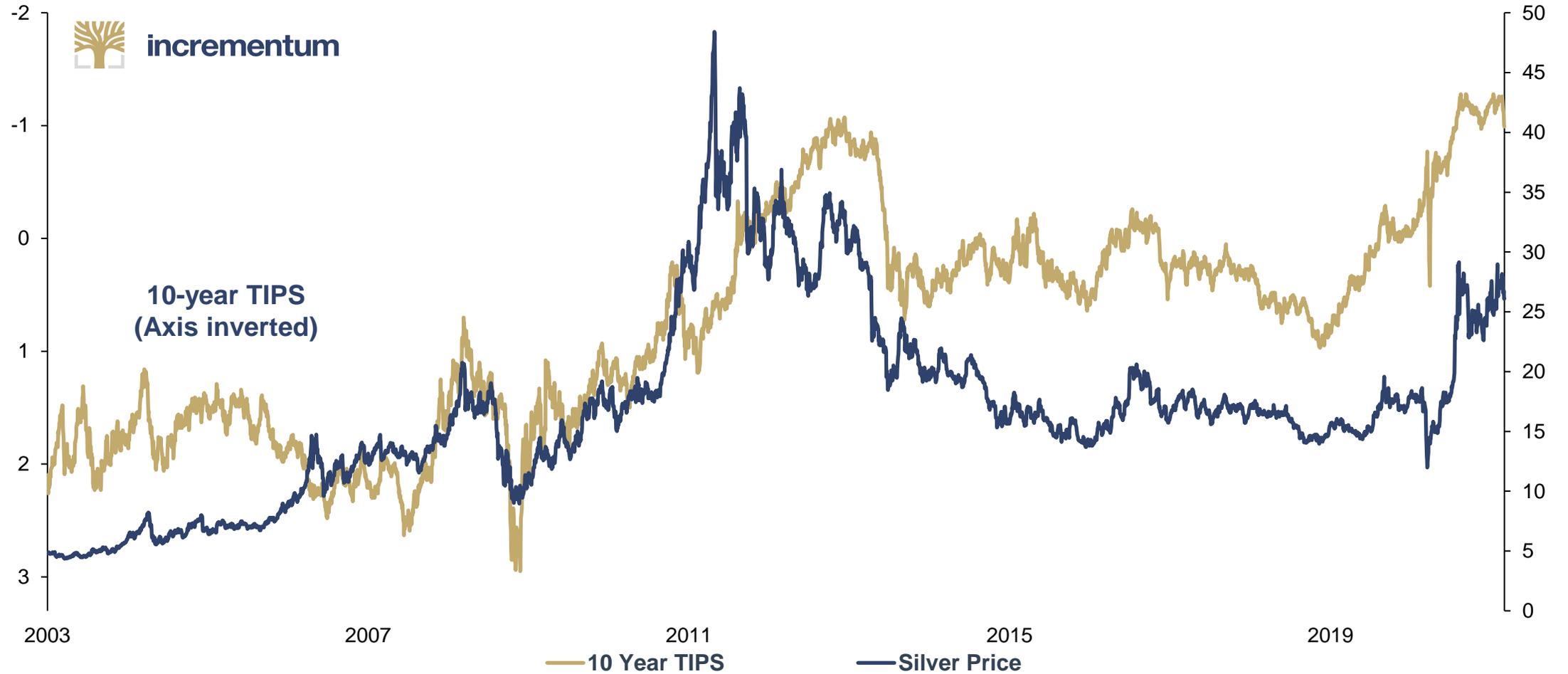
Silver/S&P 500 ratio, 01/1971-01/2021



Source: Crescat Capital LLC, Tavi Costa, Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

# TIPS And Silver Are Highly Correlated!

10 Year TIPS Yield (lhs), in %, and Silver Price (rhs), in USD, 01/2003-02/2021



Source: LBMA, Federal Reserve St. Louis, Incrementum AG

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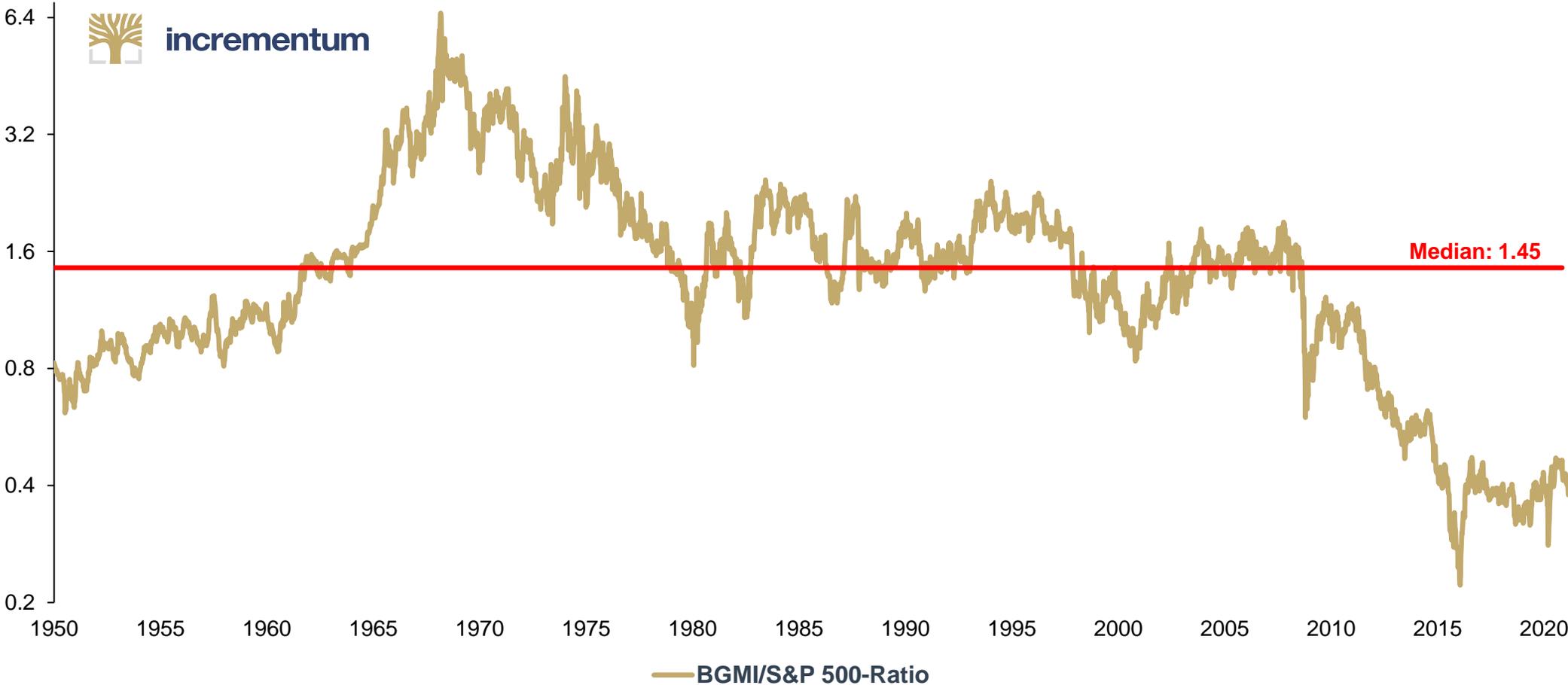
## 5. Mining Stocks – The Party Has (Just) Begun

*“Never be the first to arrive at a party or the last to go home and never, never be both.”*

David Brown

# Gold Stocks Are Cheap Relative to the S&P 500

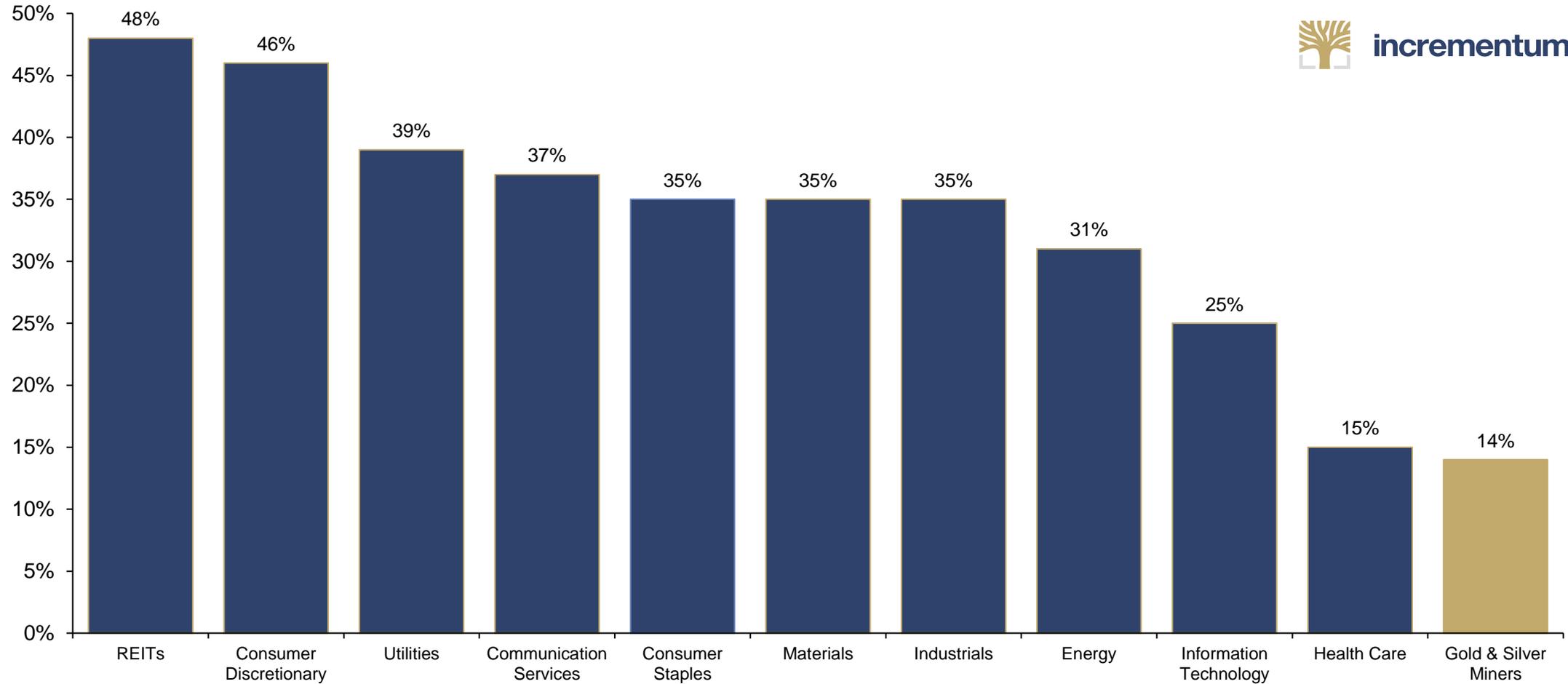
BGMI/S&P ratio (log), 01/1950-02/2021



Source: Nick Laird, goldchartsrus.com, Reuters Eikon, Incrementum AG

# ...and They Got Their Balance Sheets in Order

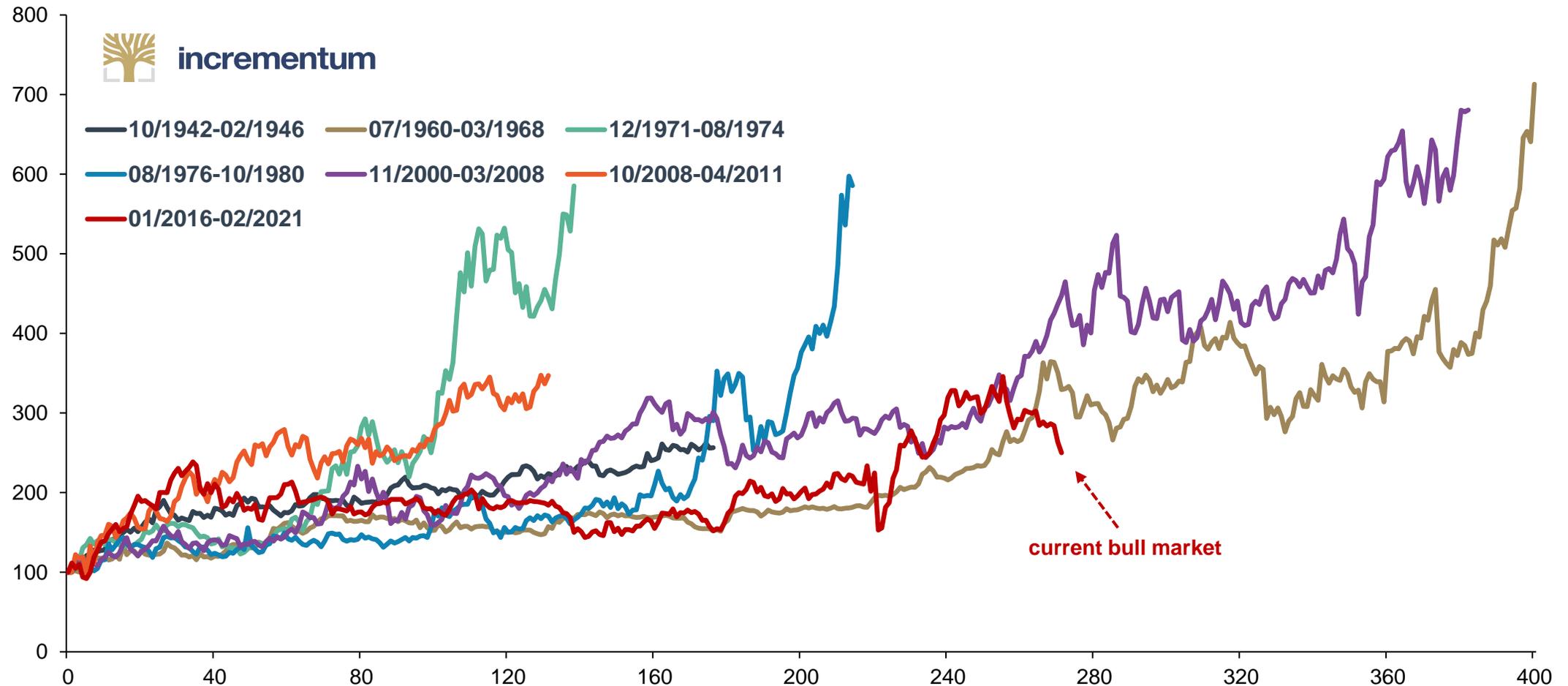
Median Total Debt to Asset Ratio 2020



Source: Bloomberg, Crescat Capital LLC, Incrementum AG

# The Party in Mining Stocks Has Not Really Started...Yet!

BGMI bull markets, indexed, 100 = start of bull market cycle, 1942-02/2021



Source: Nowandfutures, TheDailyGold.com, Barrons, Nick Laird, goldchartsrus.com, Incrementum AG

# Relative Value in Miners: Mind the Gap!

Gold (lhs), in USD, & HUI/MSCI World ratio (rhs), 01/2000-01/2021



Source: Rosenberg Research, Reuters Eikon, Incrementum AG

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## 6. Gold Is Still Largely Underowned...

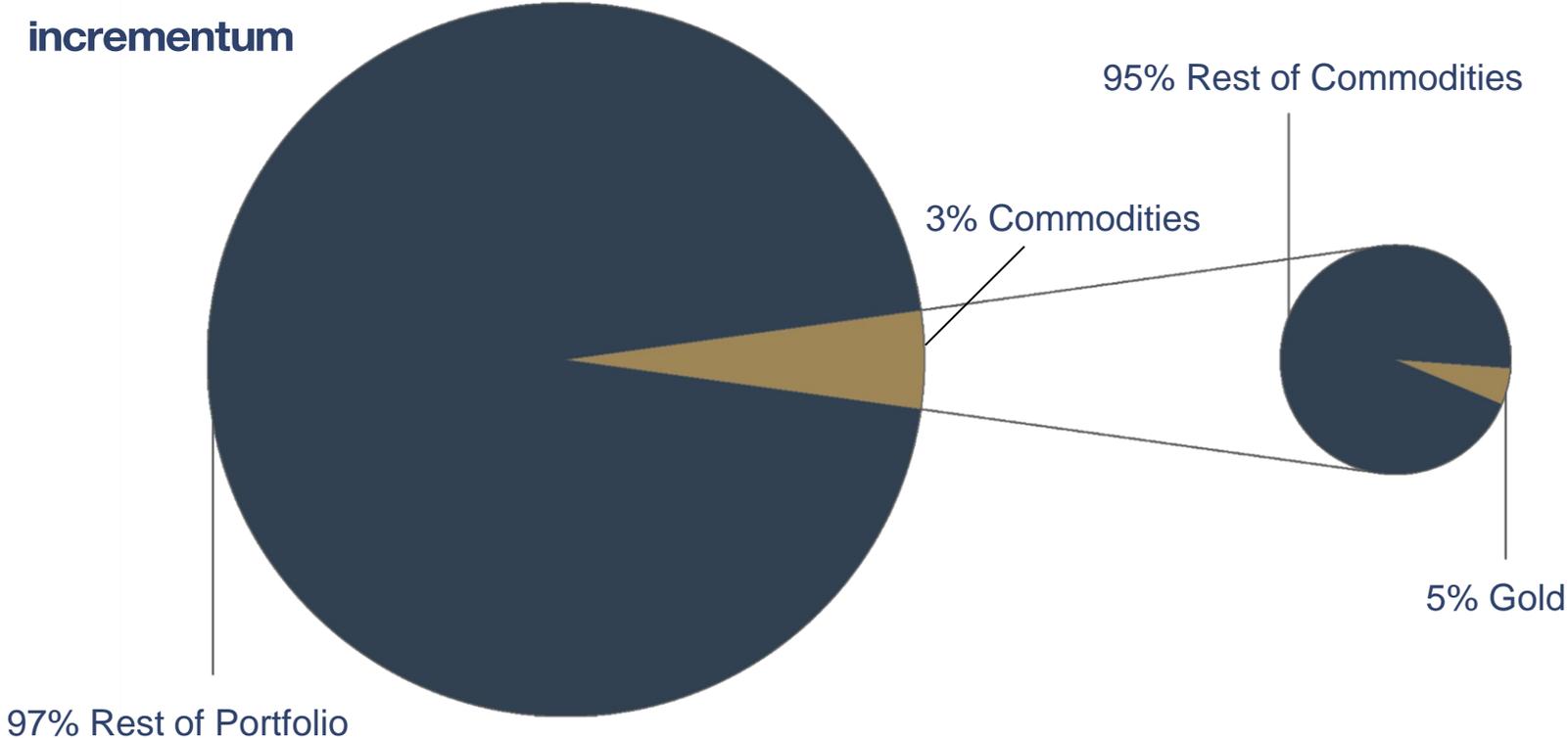
*“Only buy something that you’d be perfectly happy to hold if the market shut down for 10 years.”*

# Gold Is Still Underowned in Institutional Portfolios!

Gold's Position in the World's Largest Funds



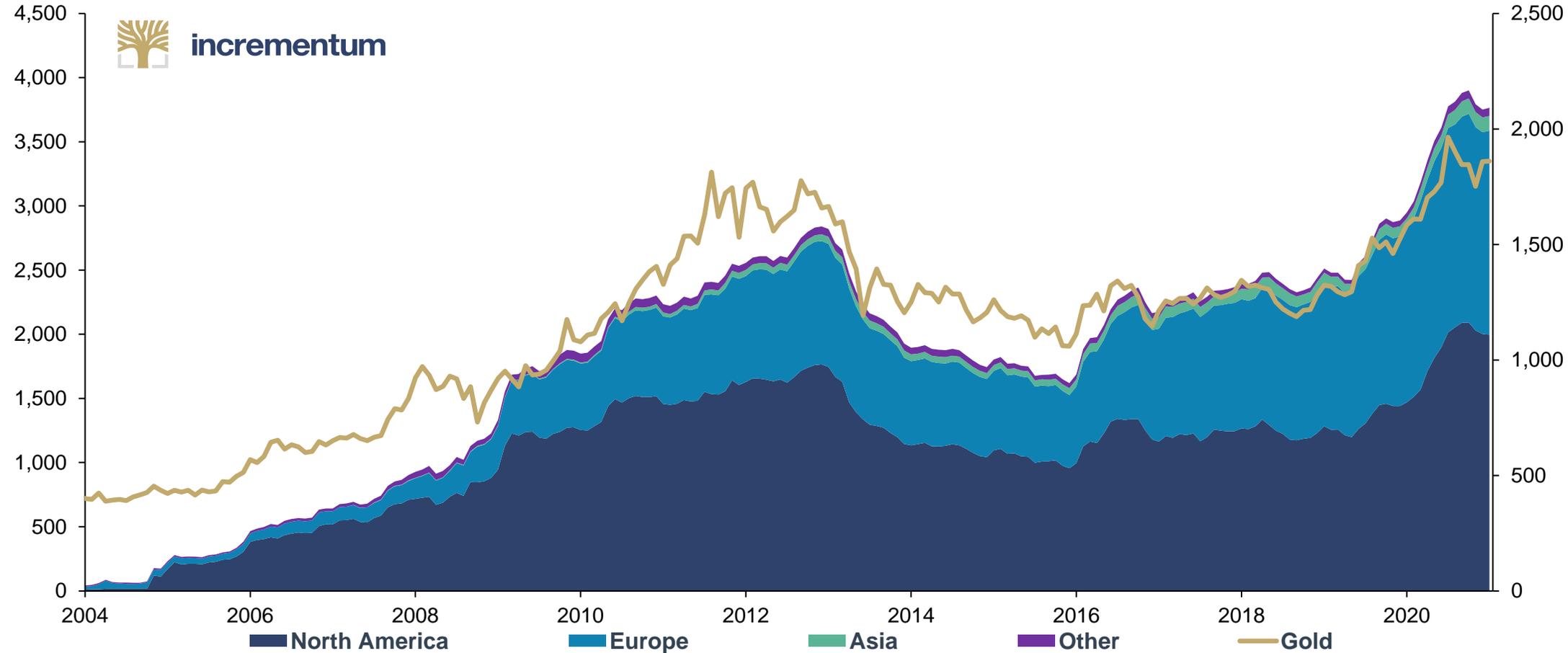
incrementum



Source: Teacher Retirement System of Texas, Shayne McGuire, Bloomberg

# Institutional Players Are Entering: Significant ETF Inflows in 2020

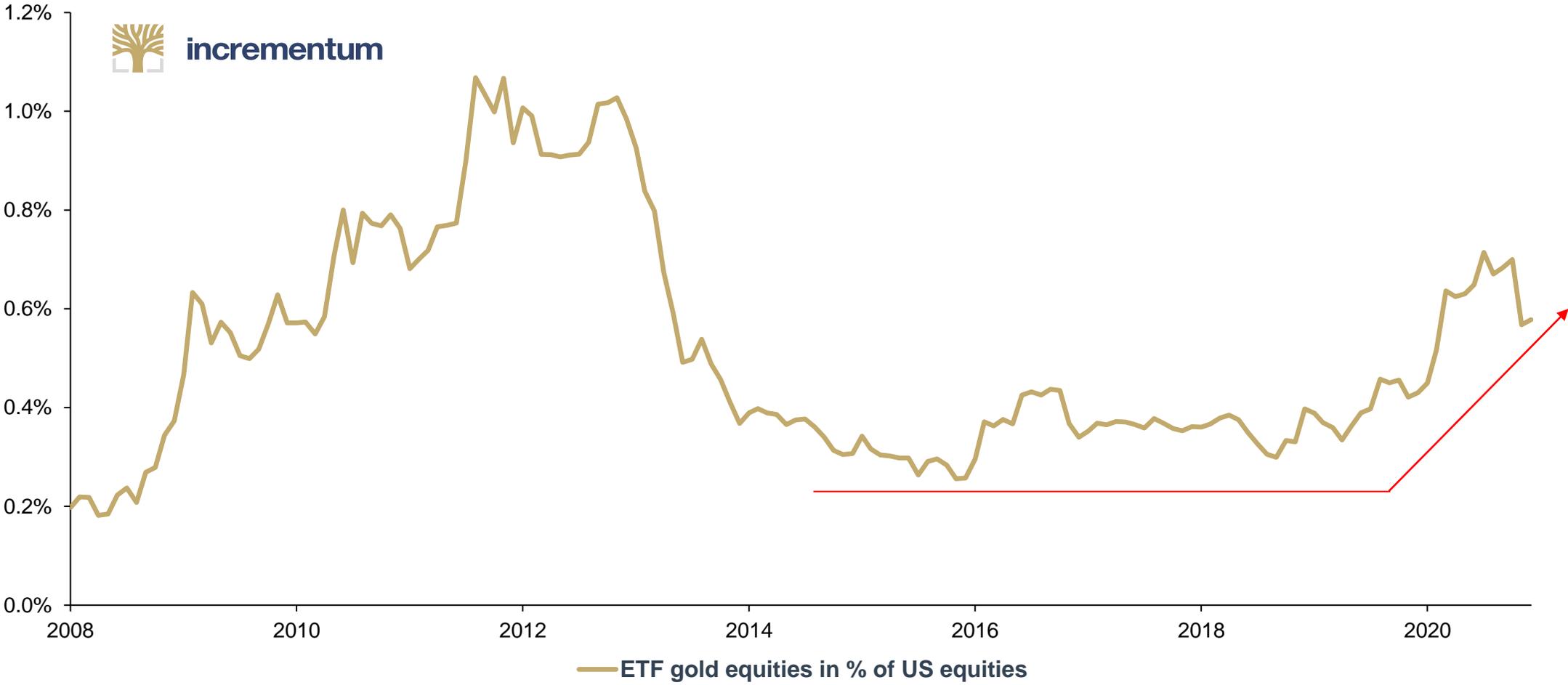
Cumulative ETF Holdings by Region (lhs), in tonnes, and Gold (rhs), in USD, 01/2004–01/2021



Source: World Gold Council, Incrementum AG

# Institutional Allocations of Gold ETFs Still Below 2011 Highs

Gold Held in ETFs as % of US Equities, 01/2008-12/2020



Source: Atlas Pulse, Reuters Eikon, World Gold Council, Incrementum AG

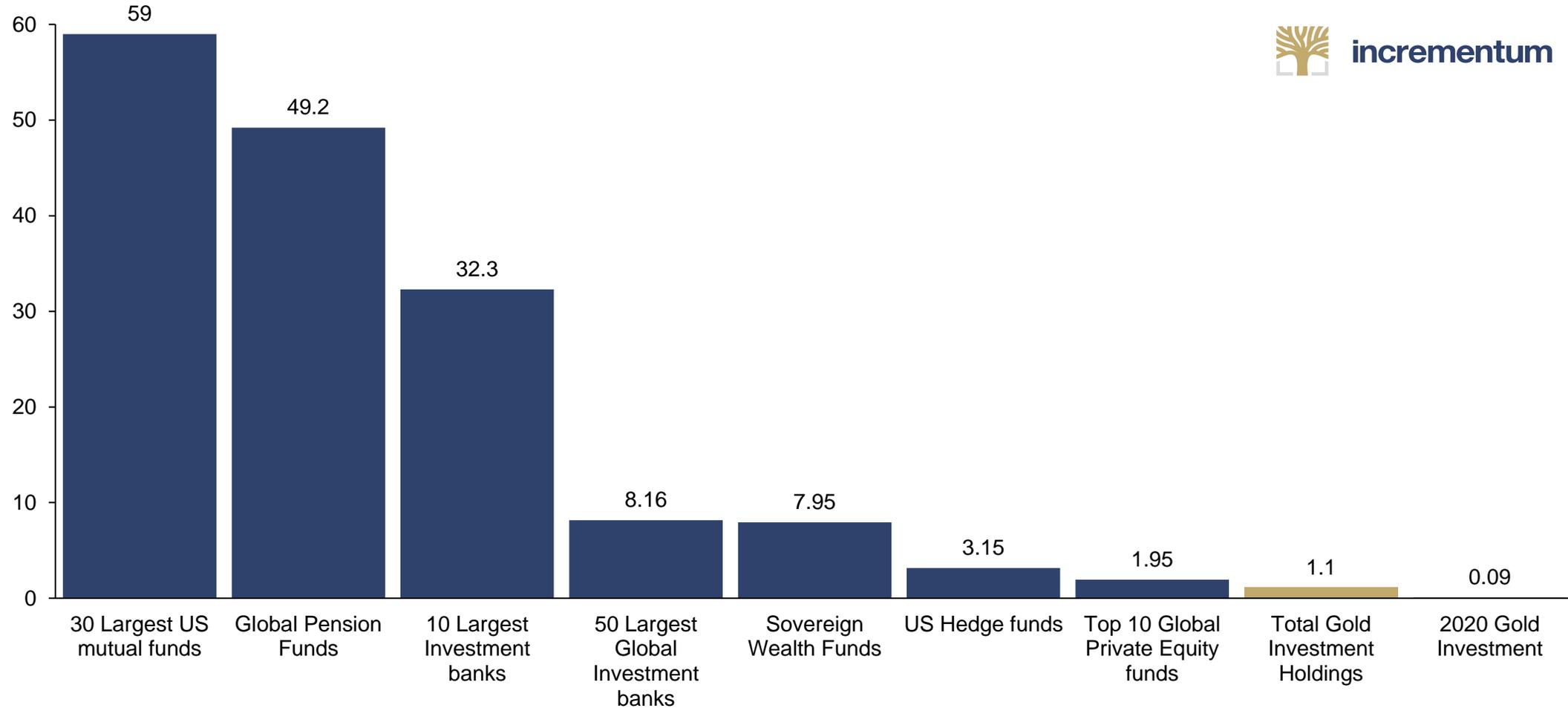
# What Happens If Institutional Investors Want to Buy Gold?

	Total AUM, USD trn.	5% AUM, USD trn.	% of 2020 Gold Investment Demand	2% AUM, USD trn.	% of 2020 Gold Investment Demand
Mutual Funds	59.00	2.95	3,278%	1.18	1,311%
Pension Funds	49.20	2.46	2,733%	0.98	1,093%
Investment Banks	32.30	1.62	1,794%	0.65	718%
Life Insurance	8.16	0.41	453%	0.16	181%
Sovereign Wealth	7.95	0.40	442%	0.16	177%
Hedge Funds	3.15	0.16	175%	0.06	70%
Private Equity	1.95	0.10	108%	0.04	43%
<b>Total</b>	<b>161.71</b>	<b>8.09</b>	<b>8,984%</b>	<b>3.23</b>	<b>3,594%</b>

Source: [Mutualfunddirectory.org](https://mutualfunddirectory.org), [Willis Towers](https://www.willistowerswatson.com), [relbanks.com](https://www.rebanks.com), [swfinstitute.org](https://www.swfinstitute.org), [barclayhedge.com](https://www.barclayhedge.com), [investopedia.com](https://www.investopedia.com), CPM, Incrementum AG

# The Gold Market Is Tiny in Comparison to Global Assets

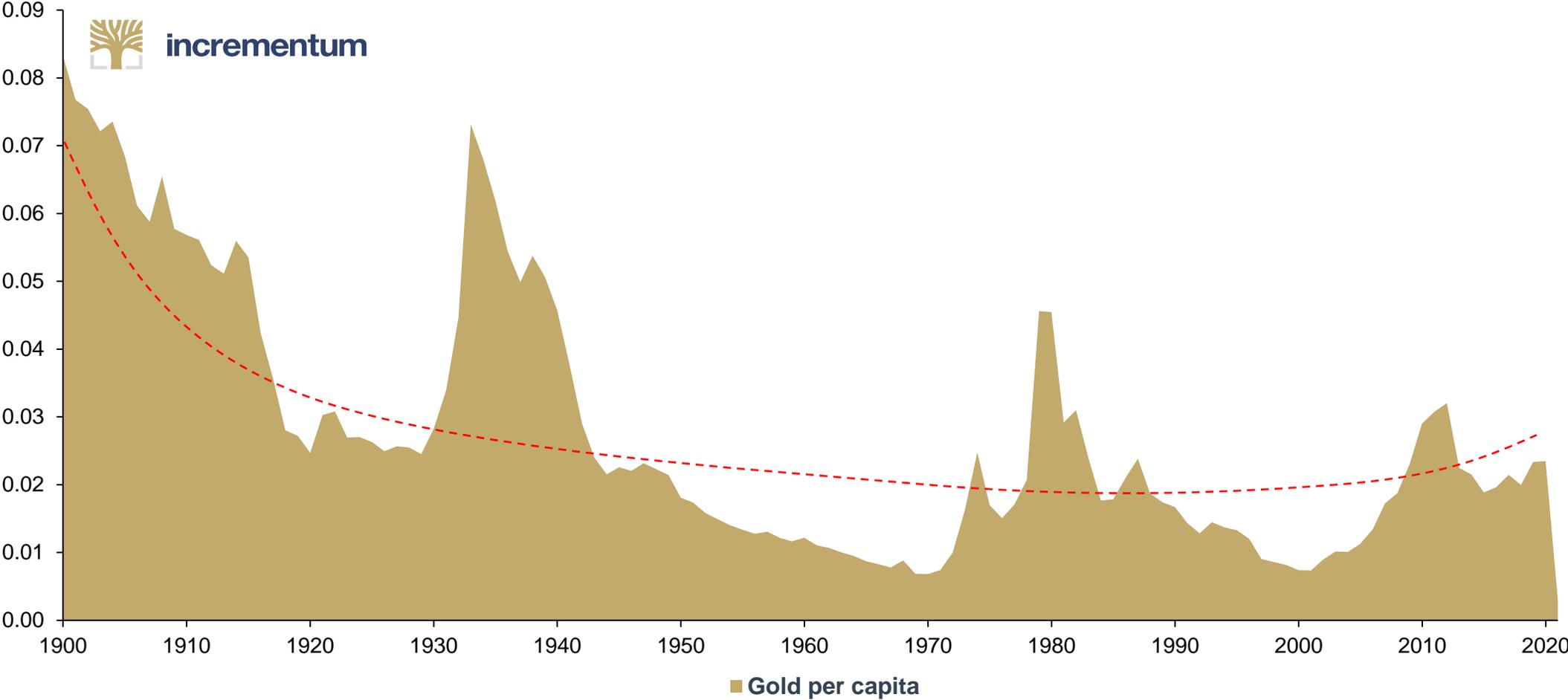
Gold Market in Comparison to Global Assets, AUM in USD trn., 2020



Source: [Mutualfunddirectory.org](https://www.mutualfunddirectory.org), [Willis Towers](https://www.willistowerswatson.com), [relbanks.com](https://www.relbanks.com), [swfinstitute.org](https://www.swfinstitute.org), [barclayhedge.com](https://www.barclayhedge.com), [Investopedia.com](https://www.investopedia.com), CPM, Incrementum AG

# Gold per Capita Recovers After 2000s Low

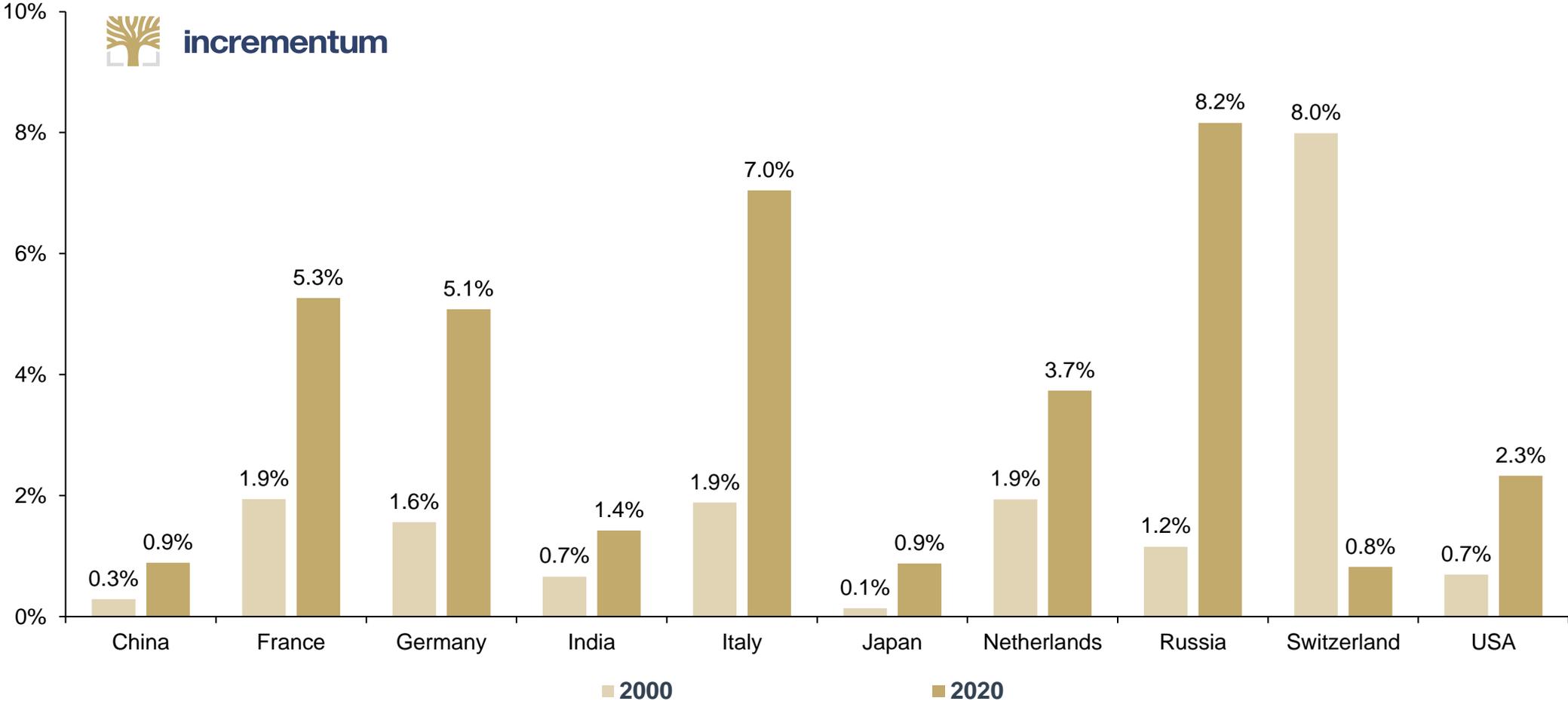
Gold/GDP per capita (USA), 1900-01/2021



Source: Nick Laird, goldchartsrus.com, Incrementum AG

# Russia's Gold Reserves as a Percentage of GDP Grew Sevenfold

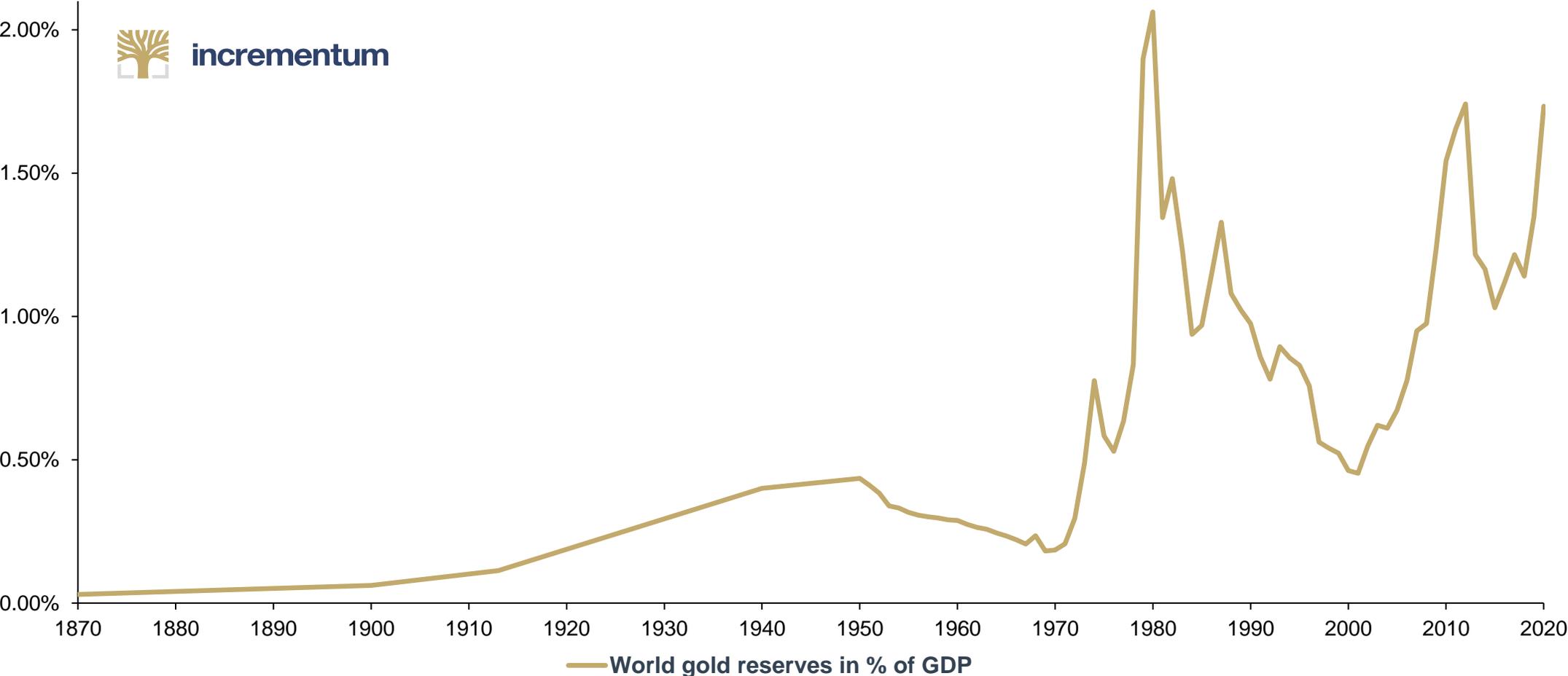
Value of Gold Reserves in % of GDP in Top 10 Countries with Largest Gold Reserves, 2000 vs. 2020



Source: IMF, World Gold Council, Incrementum AG

# Gold Reserves Rose Sharply

World Gold Reserves in % of Global GDP, 1870-2020



Source: Nick Laird, goldchartsrus.com, World Gold Council, ourworldindata.org, IMF, Incrementum AG

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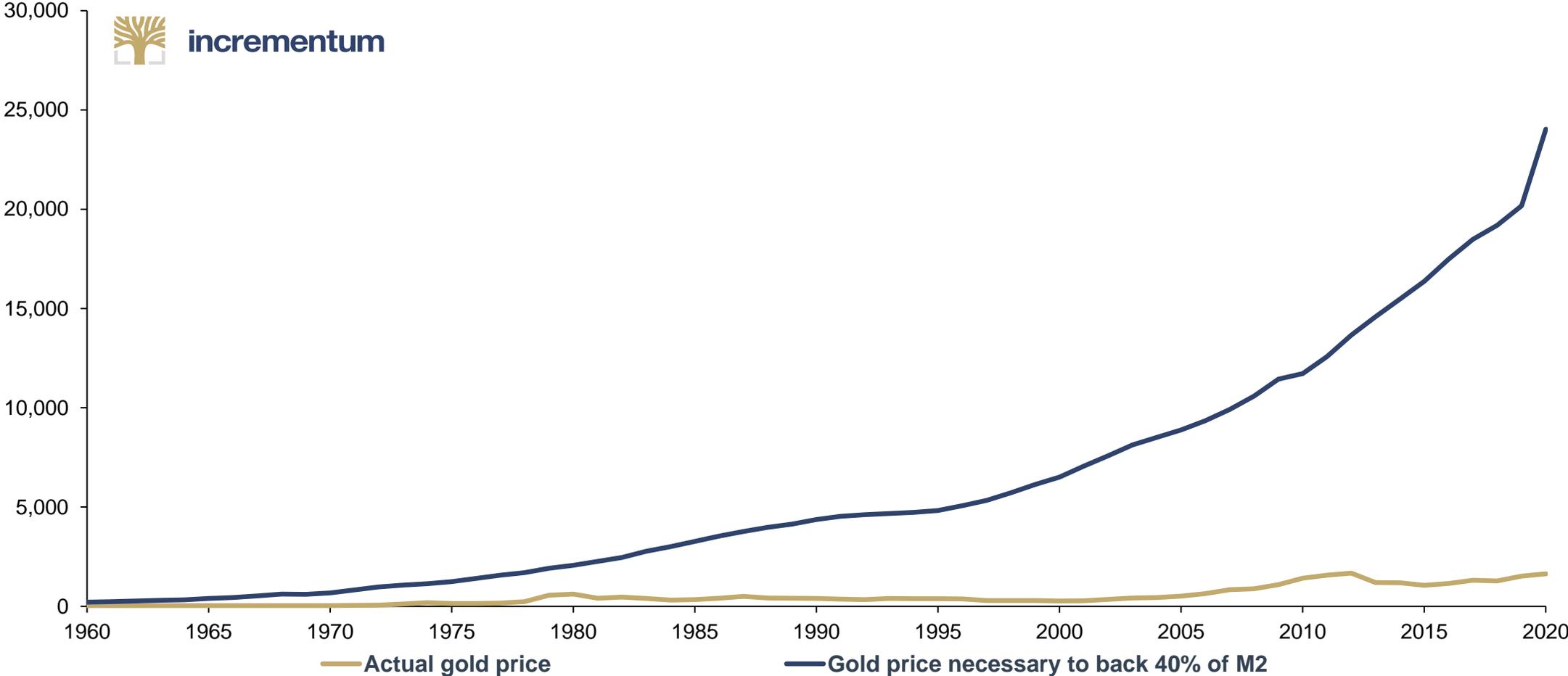
## 7. Quo vadis, aurum?

*“We need to think outside the paradigm of the last forty years if we wish to thrive over the next two decades.”*

Chris Cole, Artemis Capital Management

# Back to A Gold Standard? USD 24,000 Needed for 40% Gold Coverage

Gold Price Needed for a Return to a 40% Gold Coverage of M2, 1960-2020



Source: Wells Fargo Investment Institute, Reuters Eikon, Incrementum AG

# Coverage Ratio Has Decreased to 12%

Value of US Gold Reserves, Coverage Ratio, and Gold Price to Back US Monetary Base

Year	US Money Stock (Base Money in USD bn.)	US Gold Reserves (Moz)	Gold Price (oz)	Value of Gold Reserves (in USD bn.)	Coverage Ratio	Gold Price to fully back Monetary Base (in USD)
1971	67.398	290	41	11	18%	232
1980	133.425	263	850	223	168%	507
2008	936.414	260	822	213	23%	3,598
2011	2,706.806	260	1700	442	16%	10,401
2021	5,248,000	260	1700	442	12%	20,185

Source: Federal Reserve Bank of St. Louis, Kitco.com, Incrementum AG

# What Is the Real Value of Gold?

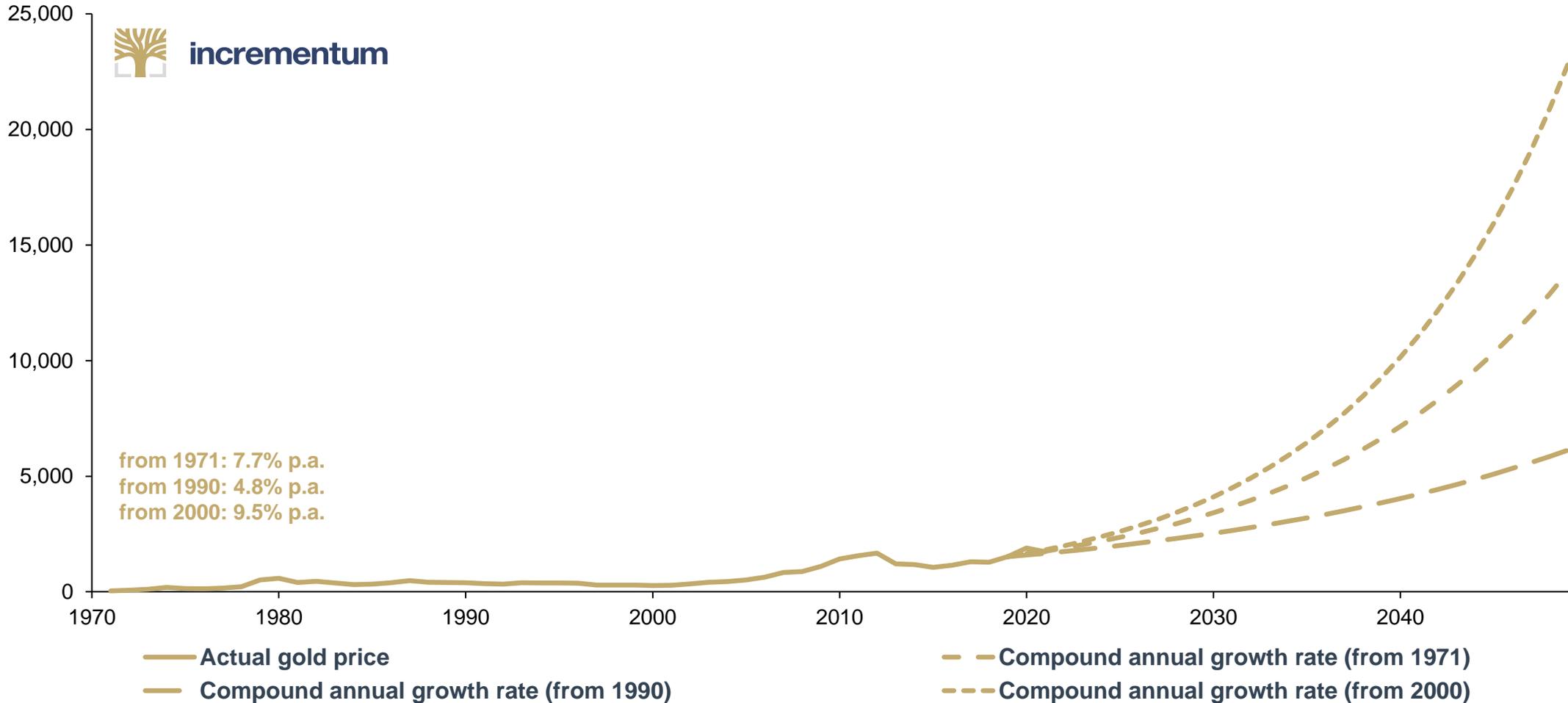
## Shadow Gold Price in Various Scenarios of Monetary Growth

Change in USD Monetary Base	-25%	-10%	FLAT	10%	50%	200%	300%	500%
Monetary Base (USD bn.)	3,936	4,723	5,248	5,773	7,872	15,744	20,992	31,488
Official US Gold Holdings (ounces mn.)	261.5	261.5	261.5	261.5	261.5	261.5	261.5	261.5
Shadow Gold Price (USD/ounce)	15,052	18,062	20,069	22,076	30,103	60,207	80,275	120,413

Source: QBAMCO, Incrementum AG

# Development of Gold Price Based on Historical Growth Rates

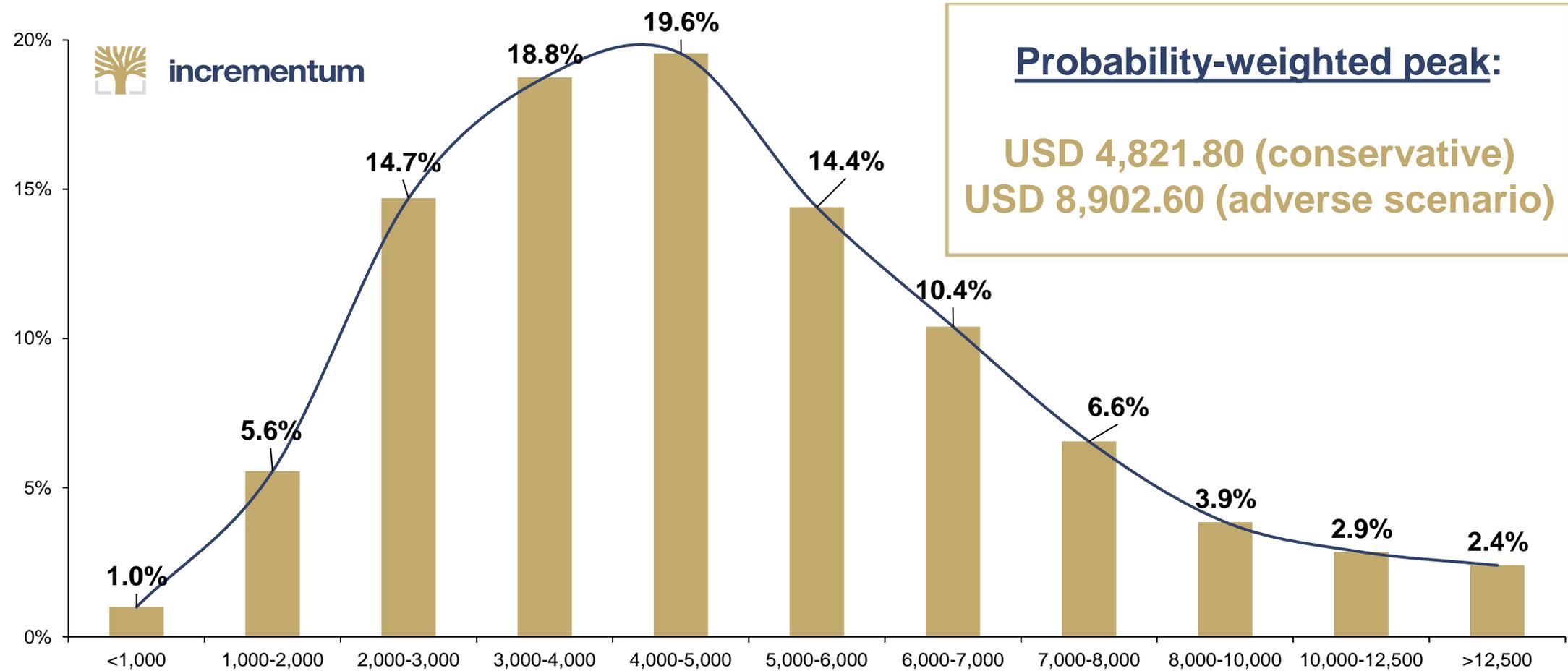
Actual Gold Price and Projections, in USD, 1971-2049



Source: Pierre Lassonde, Reuters Eikon, U.S. Global Investors, Incrementum AG

# USD 4,800 By the End of the Decade?

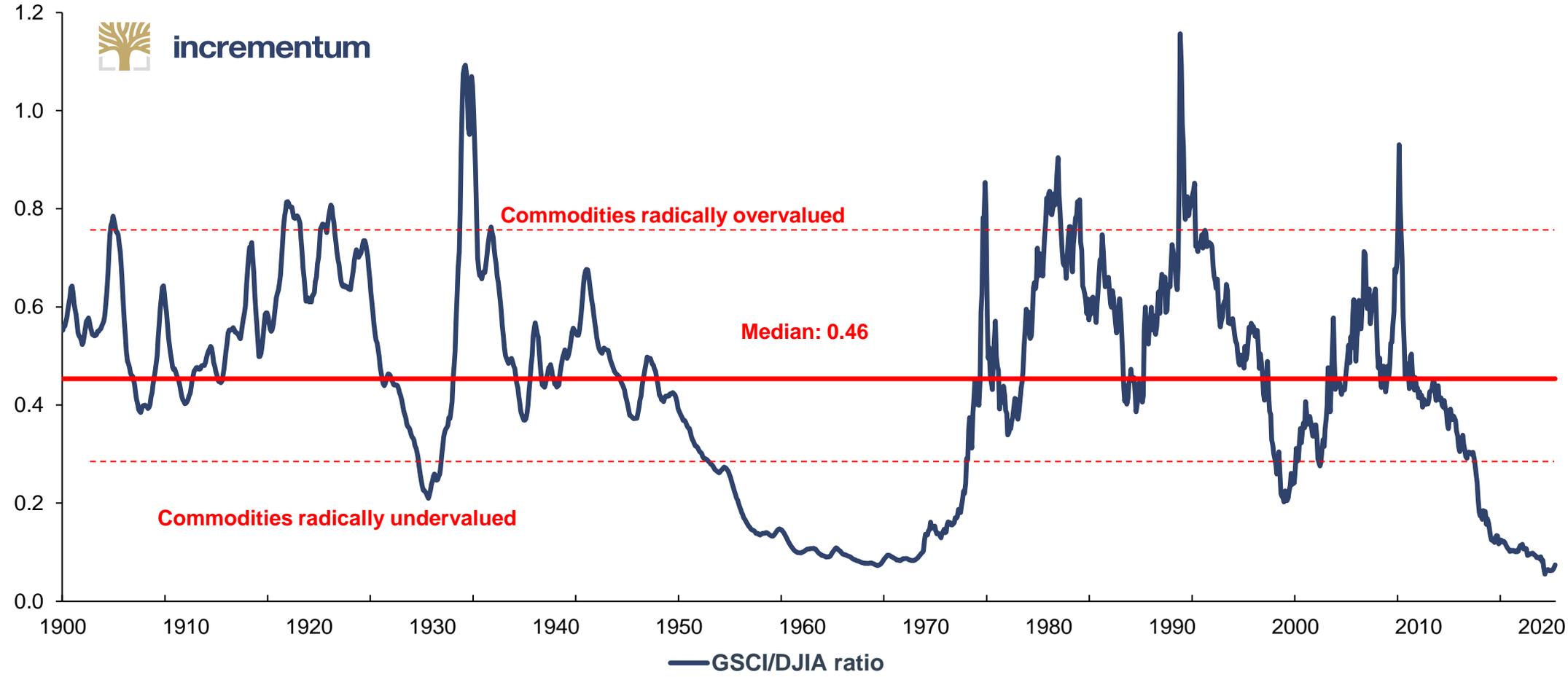
Approximated Gold Price in 2030 by Distribution Probability



Source: Incrementum AG (\*The exact description of the model can be found in the [In Gold We Trust report 2020](#) on page 345ff.)

# Commodities Are Radically Undervalued!

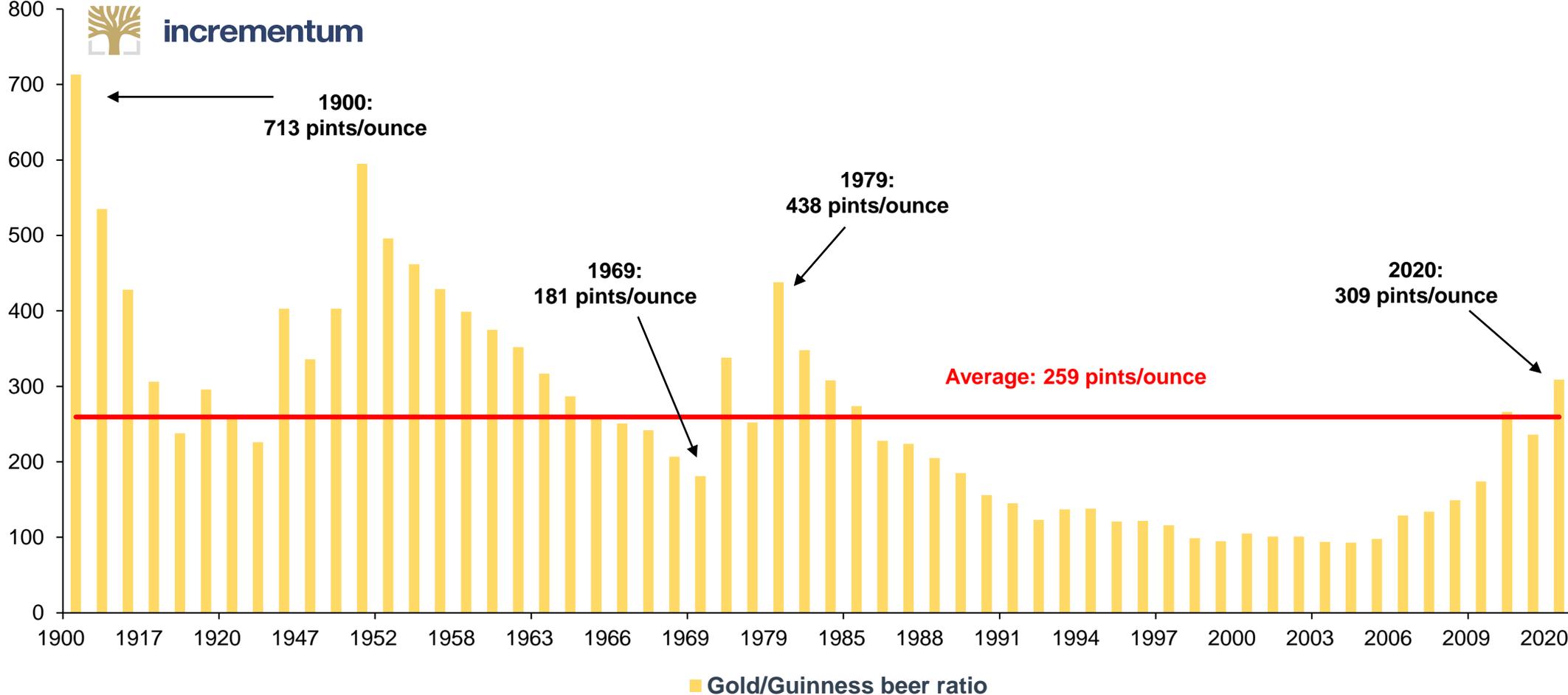
GDCI/DJIA ratio, 01/1900-02/2021



Source: <http://blog.gorozen.com/blog/commodities-at-a-100-year-low-valuation>, Reuters Eikon, Incrementum AG

# Measured in Guinness Pints, Gold Is Slightly Above 120y Average

Gold/Guinness beer ratio, 1900-2020



Source: Fergal O'Connor, Incrementum AG

# Our Central Theses

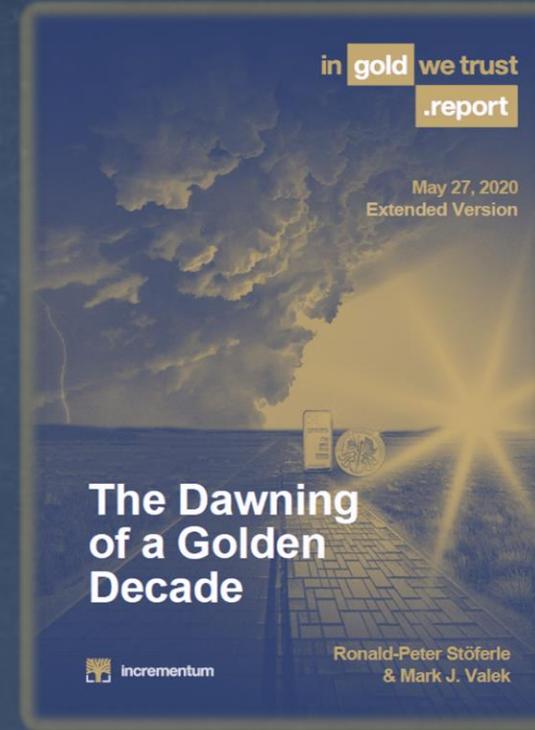
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- I. Debt relief via higher inflation is increasingly becoming a monetary policy goal.**
- II. Even more aggressive measures can be expected if inflation does not pick up (helicopter money, universal basic income, MMT).**
- III. Rising inflation rates are a challenging environment for bonds AND possibly also equities.**
- IV. Gold is a reliable, long-term inflation hedge.**
- V. In addition to gold, it makes sense to build up a diversified inflation basket in the portfolio.**
- VI. A small addition of Bitcoin brings noticeable diversification effects.**

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↑  
Newsletter subscription  
link



↑  
Direct download link of the  
*In Gold We Trust* report 2020

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# 8. Addendum

*Because we care...*

*About our Clients.  
About the Society.  
About the Future.*

# About Incrementum AG

Incrementum AG is an owner-managed and fully licensed asset manager & wealth manager based in the Principality of Liechtenstein.



more information on  
[www.incrementum.li](http://www.incrementum.li)

- Independence is the cornerstone of our philosophy. The 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 complex and fragile environment.
- **Our core competencies are in the areas of:**
  - Wealth management
  - Precious metal and commodity investments
  - Active inflation protection
  - Crypto and alternative currency exposure
  - Special mandates

# About the *In Gold We Trust* report

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- The annually published *In Gold We Trust* report has been authored by Ronald-Peter Stöferle **since 2007**, this year for the eighth time together with Mark Valek and under the umbrella of Incrementum AG.
- It provides a **holistic assessment of the gold sector** and the most important influencing factors, such as real interest rate development, debt, inflation, etc.
- The *In Gold We Trust* report is one of the **most-read gold analyses** worldwide and was downloaded and shared almost 2 million times last year.
- Since 2019 the *In Gold We Trust* report has also been **published in China**. The Mandarin version will be published in autumn this year.
- All information can be found at [www.ingoldwetrust.report](http://www.ingoldwetrust.report).



# About the Authors

## Ronald-Peter Stoeferle, CMT

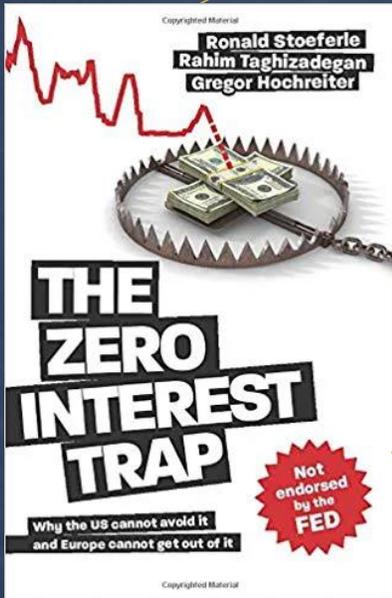
- Ronnie is managing partner of Incrementum AG and responsible for research and portfolio management.
- In 2007 he published his first *In Gold We Trust* report. The study has become one of the benchmark publications on gold, money, and inflation.
- Director at Tudor Gold Corp. (TUD), a significant explorer in British Columbia's Golden Triangle.
- Member of the advisory board of Affinity Metals (AFF).
- Advisor for Gold Switzerland / Matterhorn Asset Management

## Mark J. Valek, CAIA

- Mark is a partner of Incrementum AG and responsible for portfolio management and research.
- Prior to Incrementum, he was with Merrill Lynch and then for 10 years with Raiffeisen Capital Management, most recently as fund manager in the area of inflation protection.
- He gained entrepreneurial experience as co-founder of philoro Edelmetalle GmbH.



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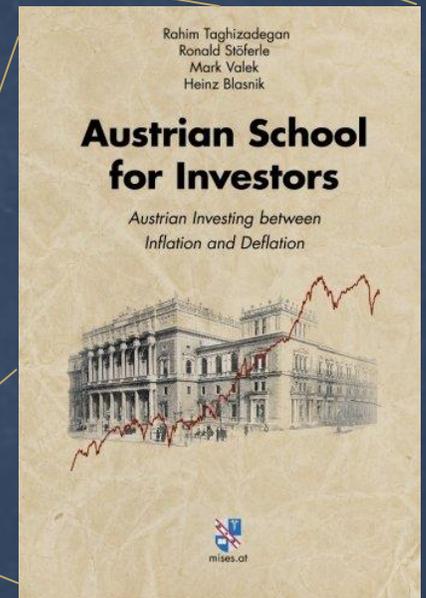
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The screenshot shows the YouTube channel page for 'In Gold We Trust'. The channel logo is a circle containing the text 'in gold we trust .report'. The channel name 'In Gold We Trust' is displayed in a large font, with '4.25K subscribers' below it. A red 'SUBSCRIBE' button is located in the top right corner. The navigation menu includes 'HOME', 'VIDEOS', 'PLAYLISTS', 'COMMUNITY', 'CHANNELS', 'ABOUT', and a search icon. Below the navigation, the 'Uploads' section is active, showing a 'PLAY ALL' button and a 'SORT BY' dropdown. Five video thumbnails are displayed in a row. Each thumbnail features a man speaking, with a 'THE ZERO INTEREST TRAP' graphic overlaid. The video titles, view counts, and upload times are listed below each thumbnail.

Video Title	Views	Upload Time
The Zero Interest Trap - Peter Young talks to Gregor...	29 views	37 minutes ago
The Zero Interest Trap - Peter Young talks to Rahim...	203 views	18 hours ago
The Zero Interest Trap - Peter Young talks to Ronnie...	543 views	1 day ago
Hyperinflation soon?   Mark Valek at the Keiser Report	456 views	1 day ago
Bitcoin and #silversqueeze   Mark Valek at the Keiser...	294 views	1 day ago



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**Raoul Pal**

Co-Founder  
Real Vision TV

---

*“Gold is playing an increasingly important role in everyone's investment and wealth preservation portfolios in these extraordinary times. The annual **In Gold We Trust** report is essential for anyone navigating the complexities of the current investment climate. **It is a must-read.**”*

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## Selected Testimonials



**Sean Boyd**

CEO

Agnico Eagle Mines

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*“We always look forward to our **In Gold We Trust** annual report as it is the most comprehensive and thought-provoking assessment of the gold market and the price prospects for gold available to investors.”*

## Selected Testimonials

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**Rick Rule**

President & CEO  
Sprott U.S. Holdings, Inc

*“A must-read for people who invest in precious metals and precious metals equities. A pleasant read, too – well-researched and well-written.”*

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**Simon Mikhailovich**

Founder  
Tocqueville Bullion Reserve

*“When it comes to finding the most insightful and comprehensive annual gold report, in Incrementum I trust.”*

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**Ronald-Peter Stoeferle**  
**Research & Portfolio Management**

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