

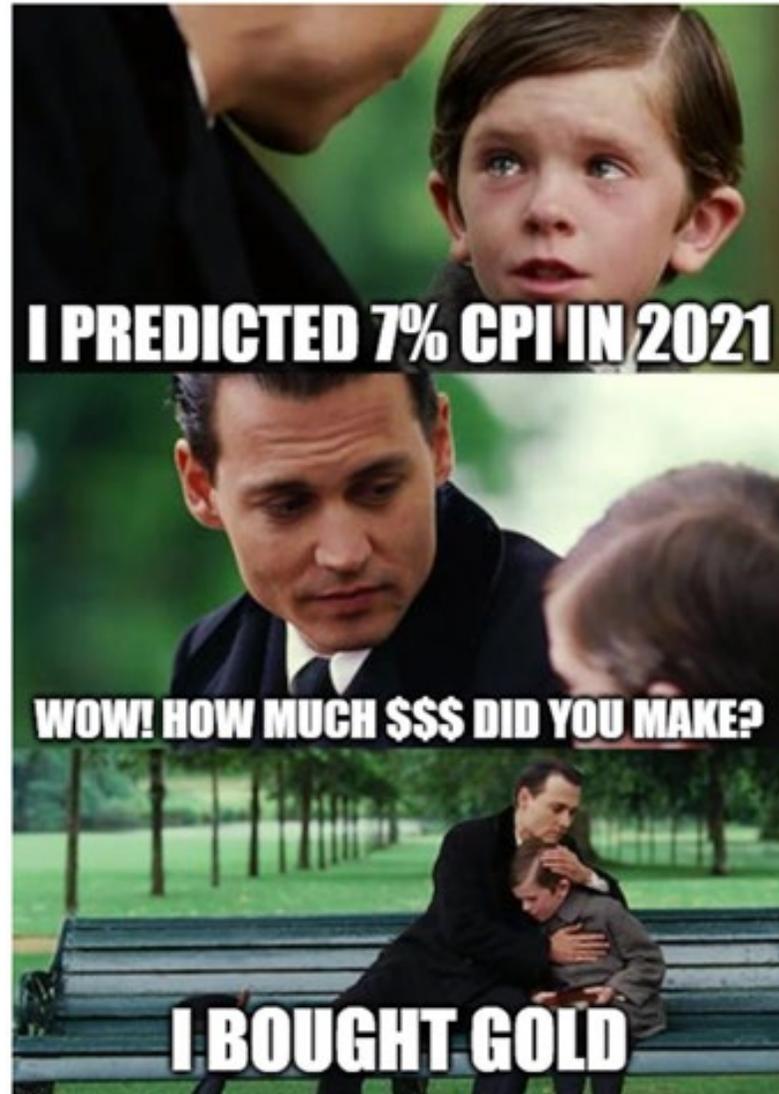
Has Gold Lost Its Mojo?



Ronald-Peter Stöferle & Mark Valek
Incrementum AG

January 2022

A Meme Says More than a Thousand Words!



Gold Is Now One Of The Most Hated Assets

Credit Suisse sees gold price around \$1,850 in 2022, but long term around \$1,400

USD to march forward in 2022, gold to lose appeal – UBS

Gold struggles to attract investors as interest rates rise

Gold has been a terrible hedge for inflation this year

Gold price to drop 16% to \$1,500 in 2022, 2023 doesn't look any better - ABN AMRO

J.P.Morgan sees gold price unable to withstand the Fed; falling to pre-pandemic levels in 2022

Gold Notches Its Largest Percentage Decline Since 2015

Source: FXStreet, Financial Times, Kitco, Quartz, Wall Street Journal

Gold Took a Breather in 2021

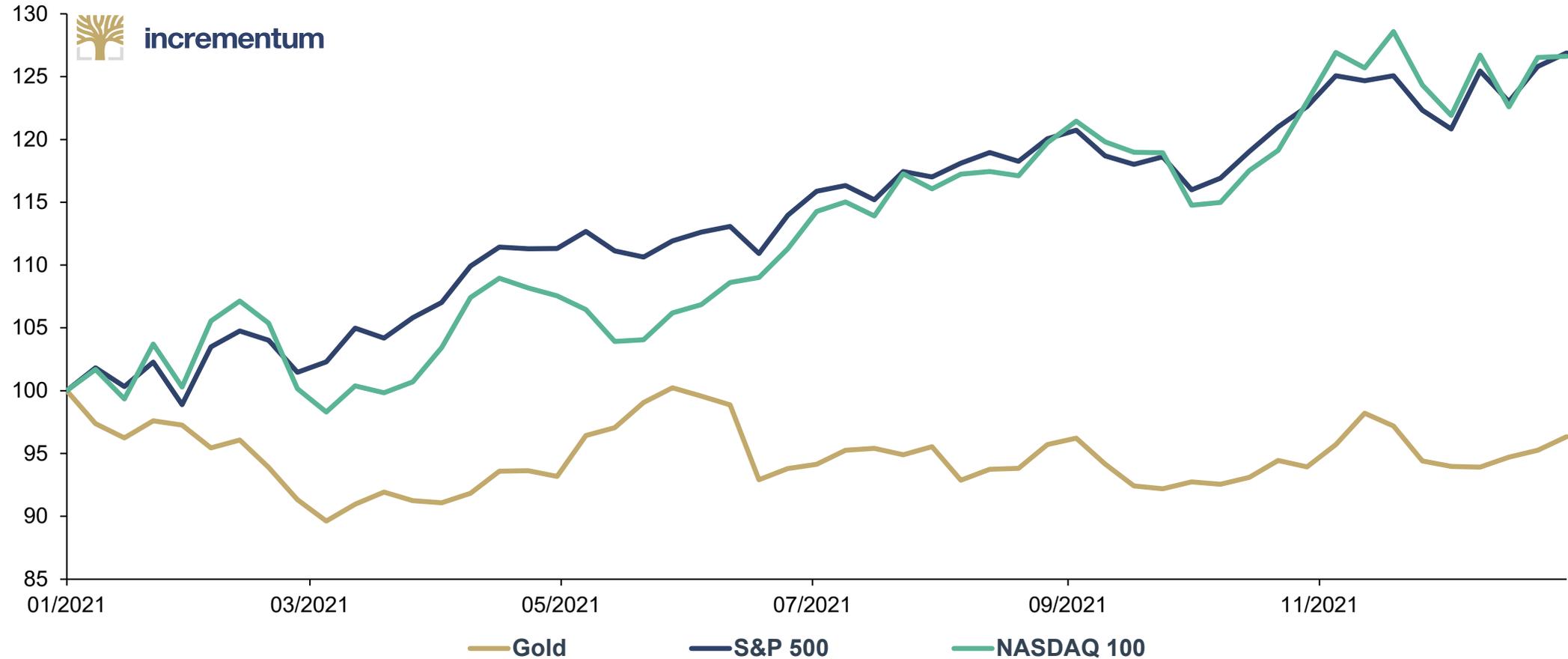
Gold Performance in Major Currencies, 2000-2022 YTD

Year	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	-3.6%	3.6%	-2.6%	2.2%	-4.3%	-6.1%	7.5%	-0.6%	-1.7%	-0.6%
2022 YTD	0.5%	1.1%	0.1%	1.0%	-0.5%	0.4%	-0.3%	1.0%	0.5%	0.4%
Average	9.3%	8.7%	10.3%	8.4%	8.3%	8.0%	9.6%	6.6%	11.7%	9.0%

Source: Reuters Eikon (as of January 20th 2022), Incrementum AG

Opportunity Costs High: US Equities Soared On Record-Low Volatility

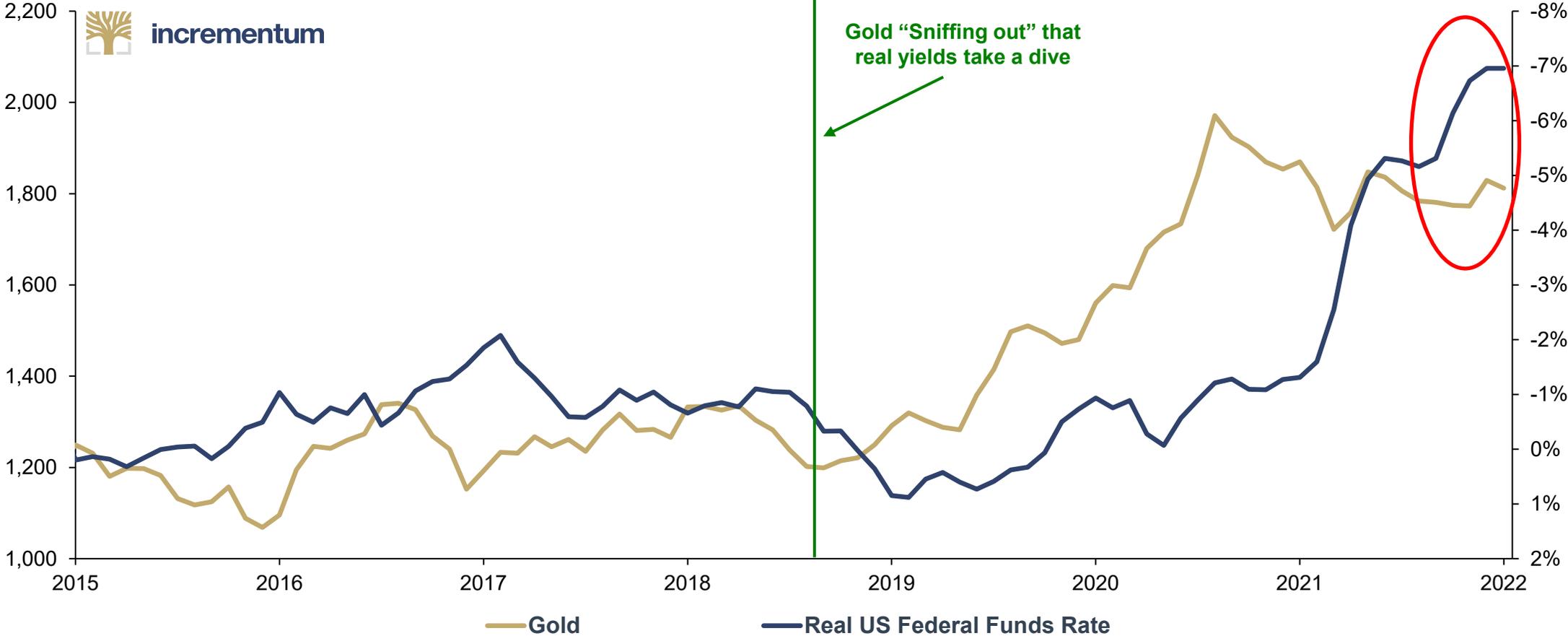
Gold, S&P 500 and NASDAQ 100, 100 = 01/01/2021, 01/2021-12/2021



Source: Reuters Eikon, Incrementum AG

Gold Did Not React to Falling and Deeply Negative Real Rates

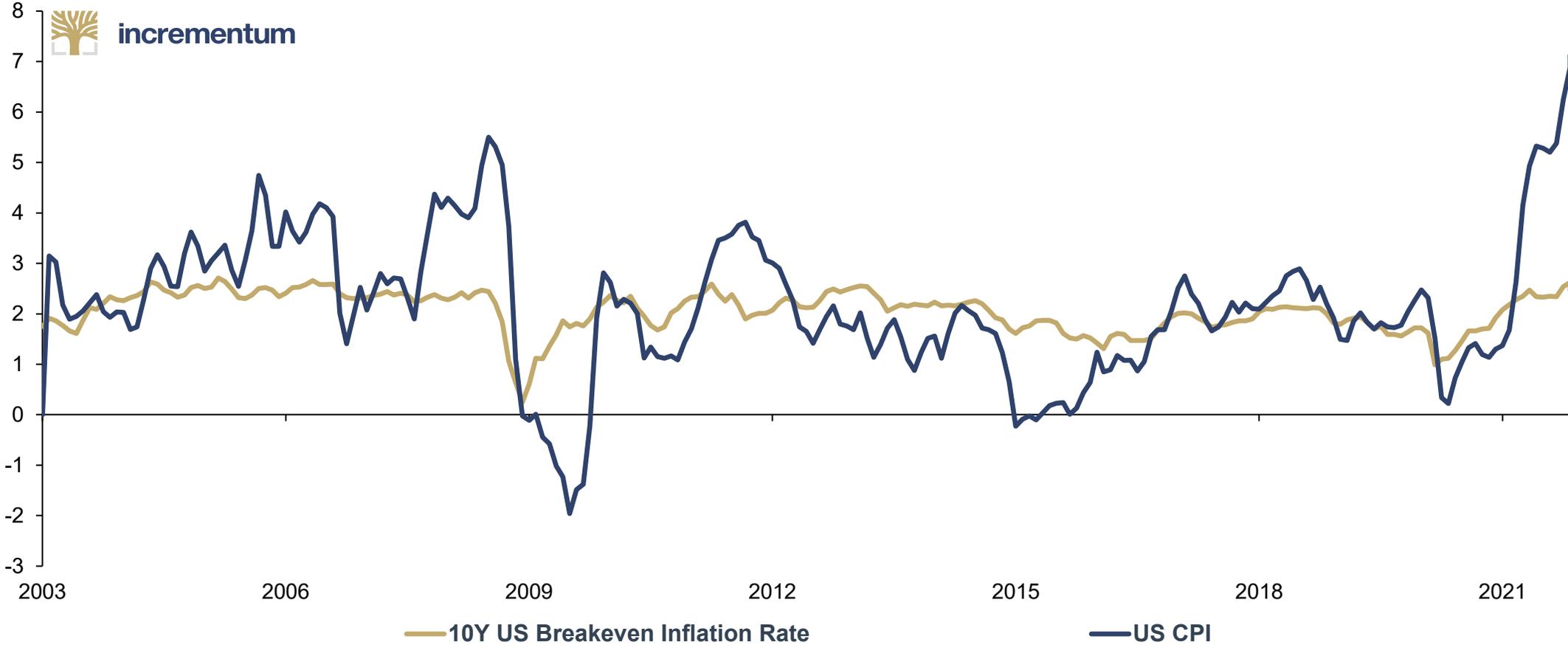
Gold (lhs), in USD, and Real US Federal Funds Rate (inverted, rhs), in %, 01/2015-01/2022



Source: Reuters Eikon, Incrementum AG

Long-Term Inflation Expectations Remain Subdued

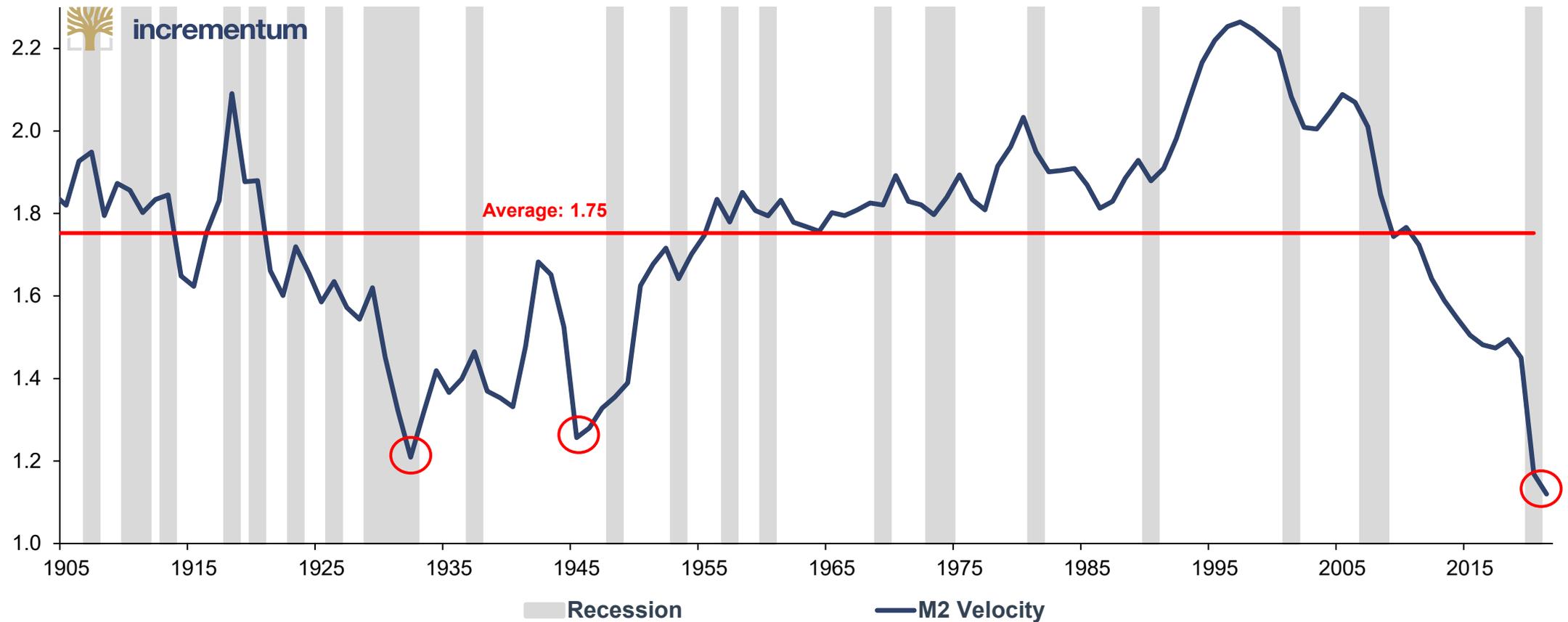
10Y US Breakeven Inflation Rate, and US CPI, in %, 01/2003-12/2021



Source: Federal Reserve St. Louis, Incrementum AG

Velocity Has Fallen to Multi-Decade Lows

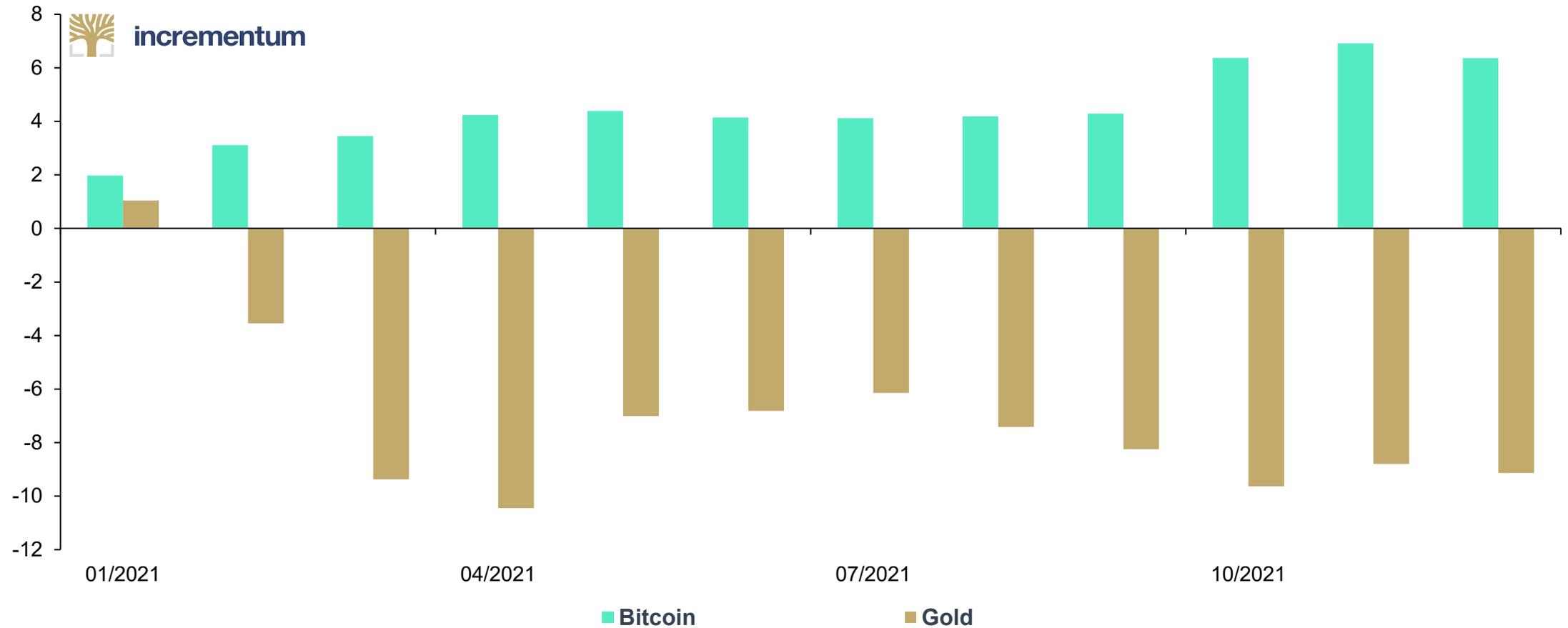
M2 Velocity, 1905-2021



Source: Reuters Eikon, Incrementum AG

Crypto Stole the Show (Flow)!

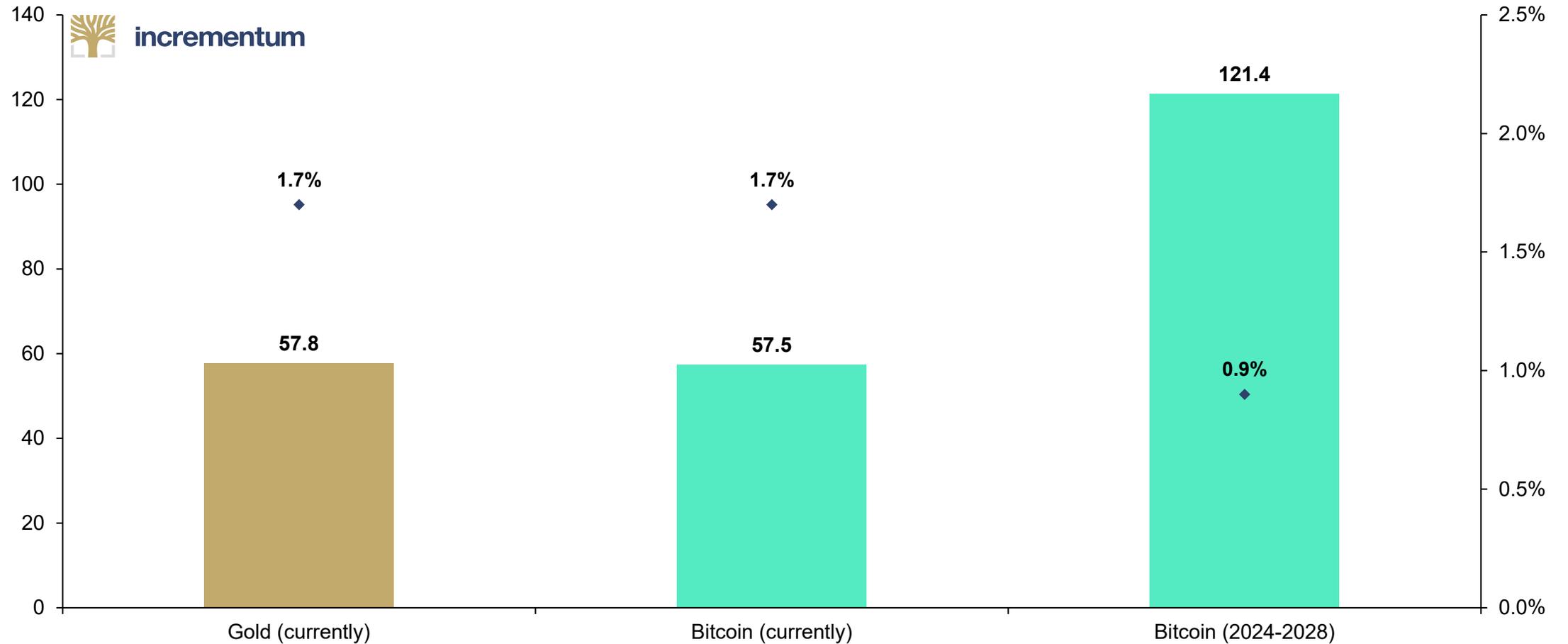
Cumulative Monthly Flows in Bitcoin Funds and Gold ETF Holdings, in USD bn, 01/2021-12/2021



Source: Bloomberg, CoinShares, World Gold Council, Incrementum AG

Until 2024 Gold and Bitcoin Are On Even Footing

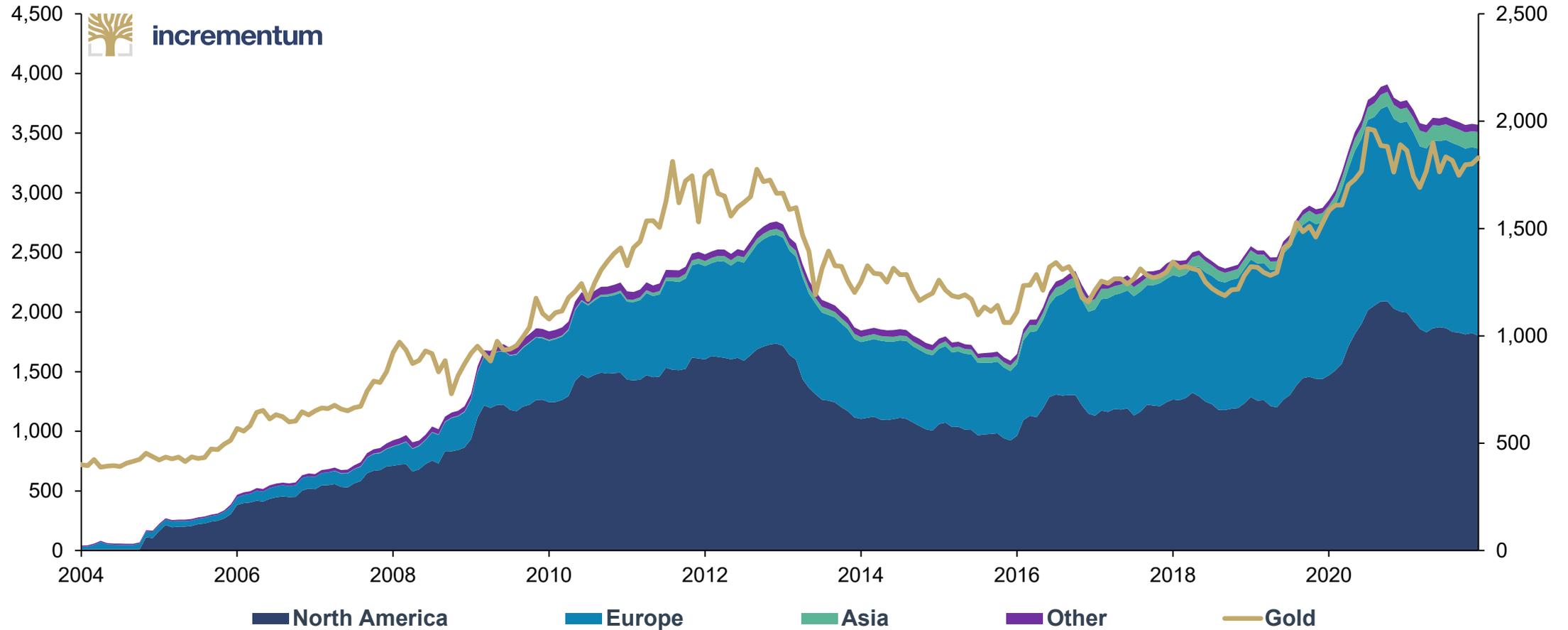
Gold and Bitcoin Stock-to-Flow Ratios (lhs), and Respective Inflation Rate (rhs), 12/2021



Source: blockchain.com, World Gold Council, Incrementum AG

ETF Holdings Are Following the Price of Gold

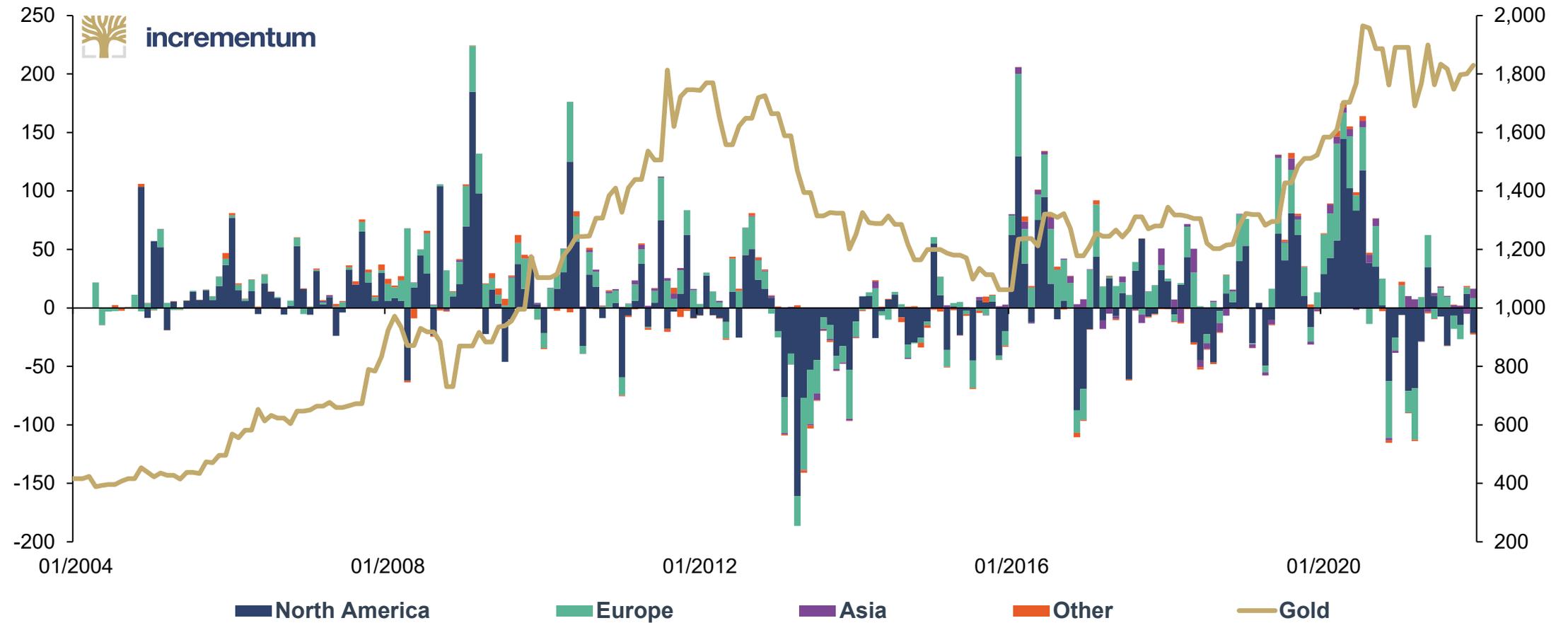
Accumulated ETF Holdings by Region (lhs), in Tonnes, and Gold (rhs) in USD, 01/2004-12/2021



Source: World Gold Council, Incrementum AG

Flows Have Stabilized

Monthly Gold Flows (lhs), in Tonnes, and Gold (rhs), in USD, 01/2004-12/2021



Source: World Gold Council, Incrementum AG

The Dollar Is On the Rise Again

US Dollar Index, 01/2017-01/2022



Source: Reuters Eikon, Incrementum AG

Are Rate Hikes Bullish Or Bearish For The USD?

USD Performance Amid Rising Fed Funds Rate, Index changes in %

Fed Funds Rate Increase	Trade-Weighted Dollar Index	TWDI (Versus Advanced Economies)	TWDI (Versus Emerging Markets)
March-August 1983	6.6	4.5	11.6
March-August 1984	8.5	7.4	11.4
January-March 1985	1.3	0.0	4.8
July-September 1985	3.3	1.9	6.8
May-June 1986	0.9	0.7	1.5
January-May 1987	-3.1	-7.4	7.3
August-September 1987	0.3	-0.3	1.5
March 1988-May 1989	12.3	8.6	20.7
February 1994-February 1995	4.2	-4.4	19.6
March 1997	0.2	0.3	0.0
June 1999-May 2000	2.5	3.4	1.3
June 2004-June 2006	-5.9	-6.5	-5.1
December 2015-December 2018	2.6	-1.5	6.6
Average Since March 1983	2.6	0.5	6.8

Source: Haver Analytics, Rosenberg Research

Tapering & QT Provide A Great Environment for the USD

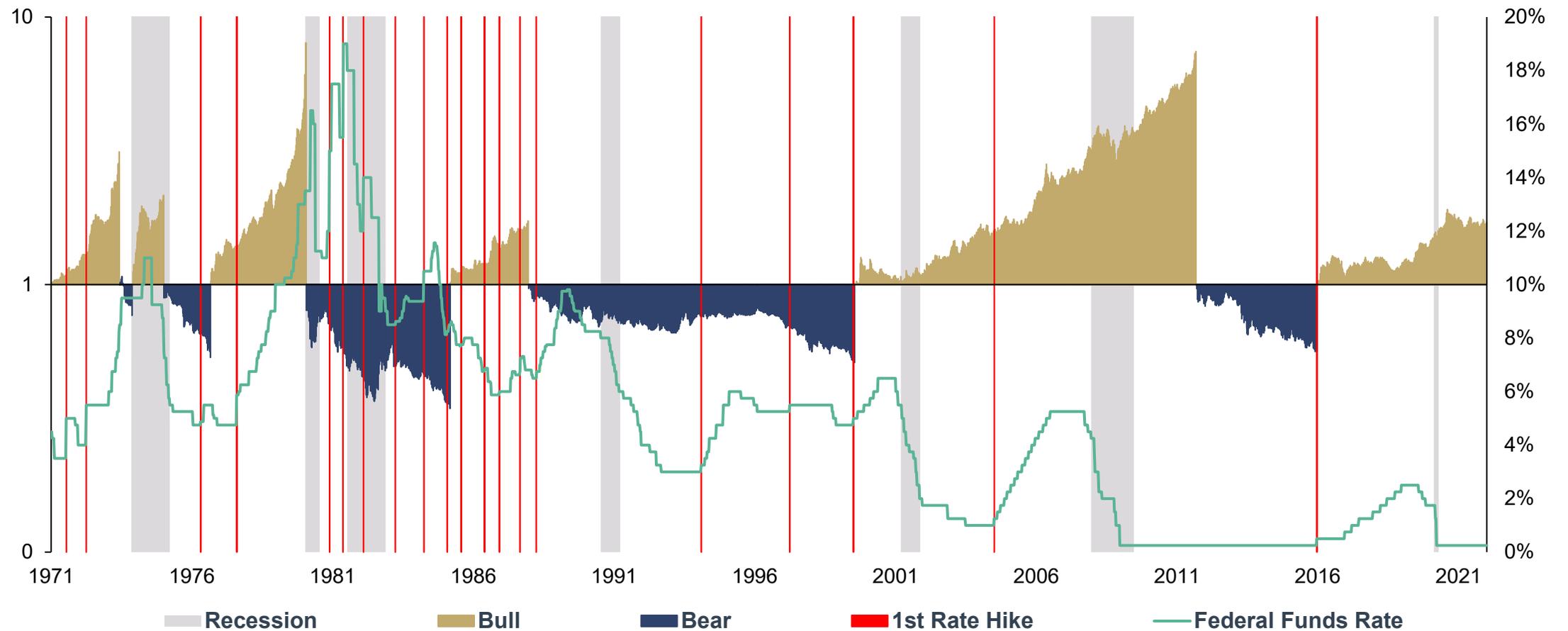
USD Performance Under QE Tapering and QT

Fed Policy	Time Period	Trade-Weighted Dollar Index (TWDI)	TWDI (Versus Advanced Economies)	TWDI (Versus Emerging Economies)
QE Tapering	January 2014-October 2014	4.8	7.0	2.5
Quantitative Tightening	October 2017-August 2019	7.1	5.7	8.5

Source: Haver Analytics, Rosenberg Research

Fed Fund Rates and Gold's Bull and Bear Markets

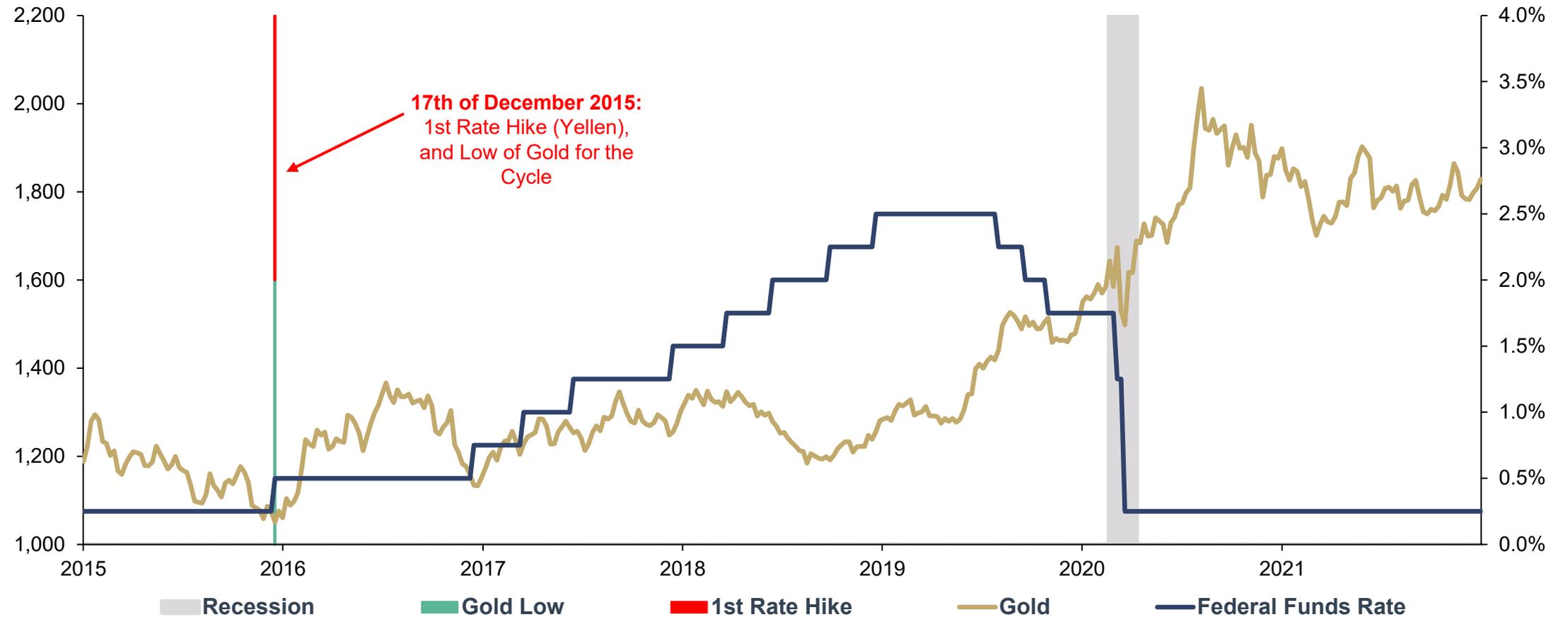
Gold Bull and Bear Markets (lhs) (log), and Federal Funds Rate (rhs), in % 01/1971-12/2021



Source: Reuters Eikon, Incrementum AG

1st Rate Hike in 2015 Marked the Low for Gold

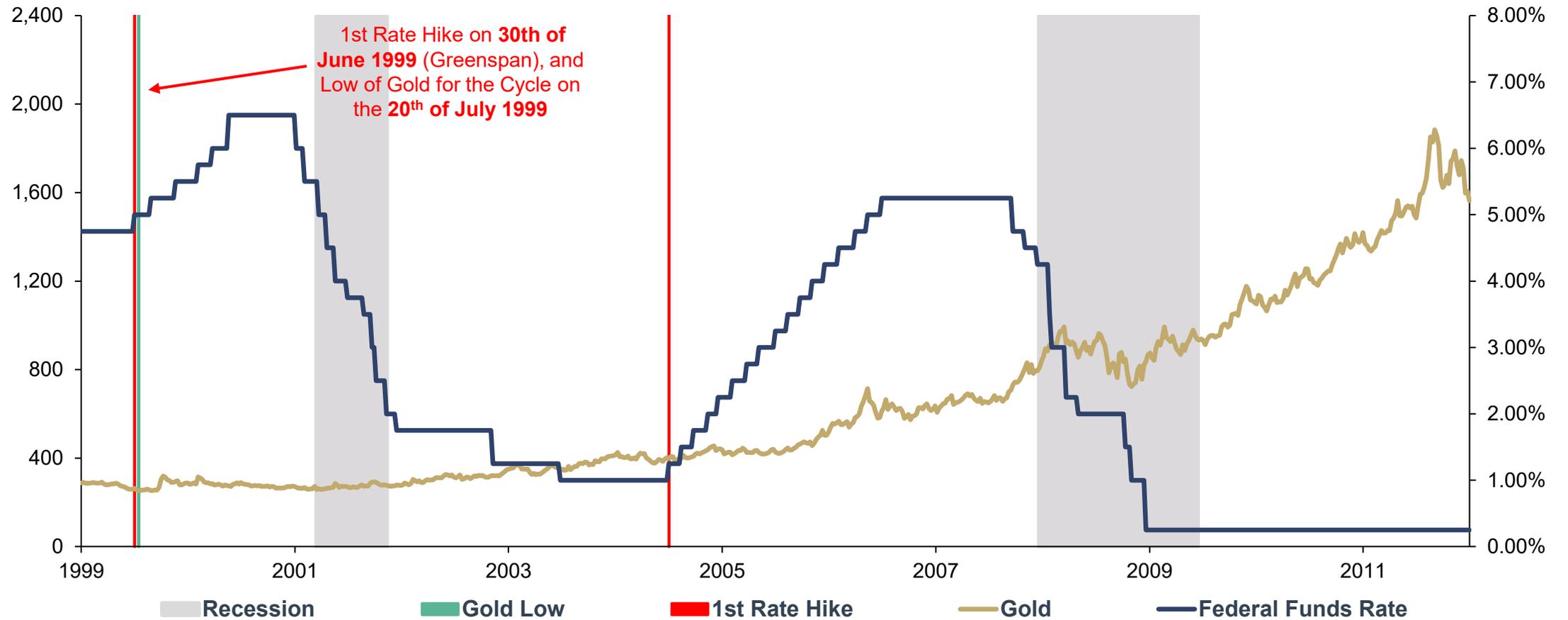
Gold (lhs), in USD, and Federal Funds Rate (rhs), in %, 01/2015-12/2021



Source: Reuters Eikon, Incrementum AG

Gold Bottomed Soon After Greenspan's 1st Hike in 1999

Gold (lhs), in USD, and Federal Funds Rate (rhs), in %, 01/1999-12/2011



Source: Reuters Eikon, Incrementum AG

„Tea Time“ Might Soon Be Ending

Gold Cup-and-Handle Formation, in USD, 01/2000-01/2022



Source: Reuters Eikon, Incrementum AG

Gold Is Inexpensive Relative To Previous Peaks

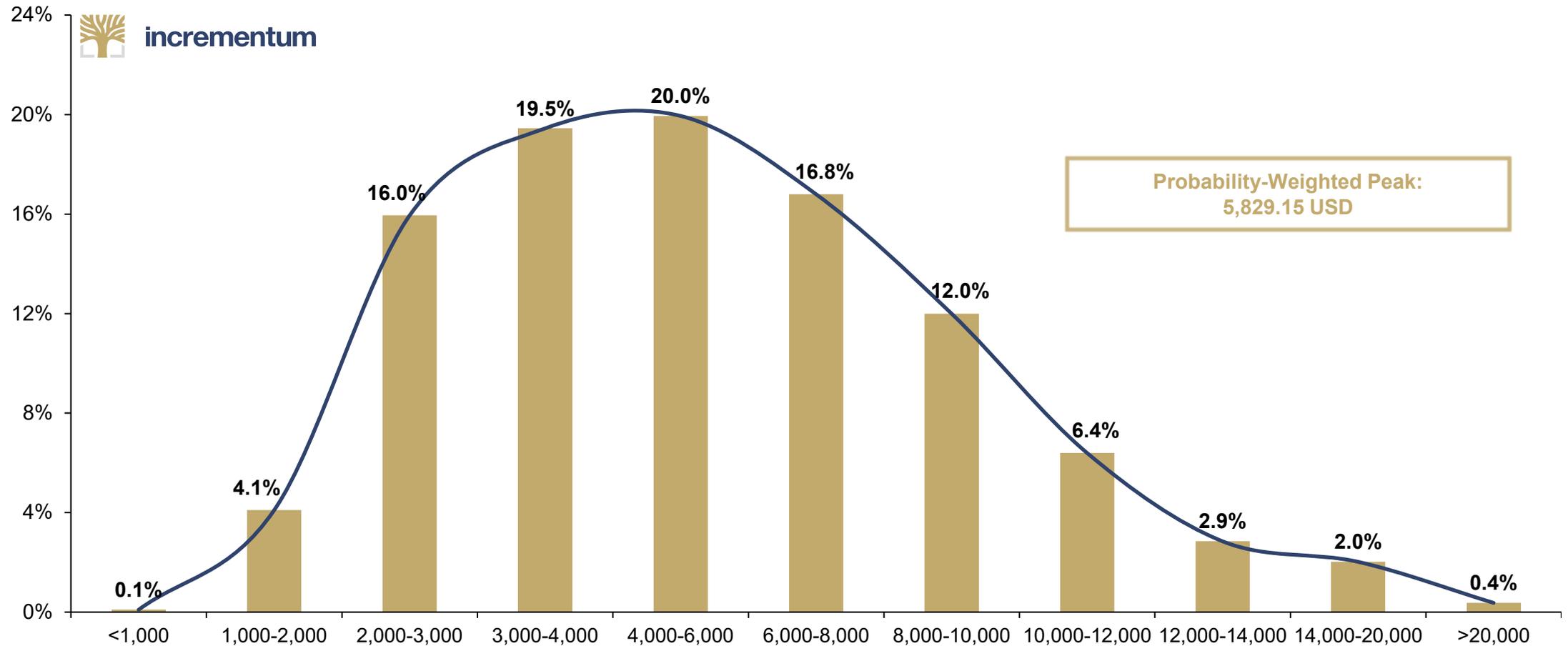
Comparison of Various Macro and Market Key Figures at Gold ATH in 1980, 2011 and Currently

	1980	2011	Currently
Gold Price in USD	835	1,898	1,830
Monetary Base in USD bn	156	2,637	6,395
M3 Supply in USD bn	1,483	9,508	21,437
US Federal Debt in USD bn	863	14,790	29,744
GDP per Capita (Nominal)	12,303	50,660	69,991
S&P 500	114	1,131	4,259
USD Index	86	78	96

Source: treasury.gov, Federal Reserve St. Louis, Reuters Eikon, Incrementum AG, (as of 24th of January 2021)

Our Proprietary Model Indicates a Price Target of 5,829 USD in 2030

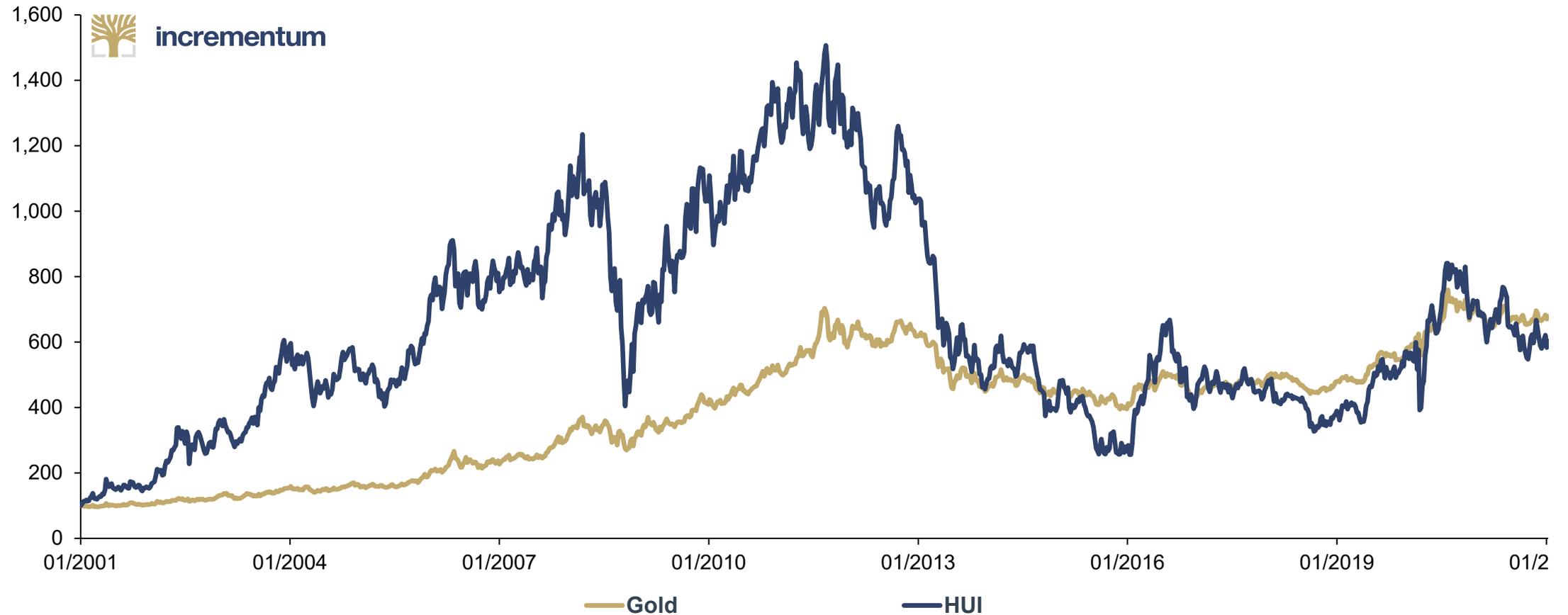
Approximated Gold Price in USD in 2030 by Distribution Probability, in %



Source: Incrementum AG (as of December 15th 2021)

Miners Have Fared Even Worse than Gold

Gold and HUI, in USD, 100 = 01/2001, 01/2001-01/2022



Source: Reuters Eikon, Incrementum AG

Miners: Unloved, But Dirt Cheap

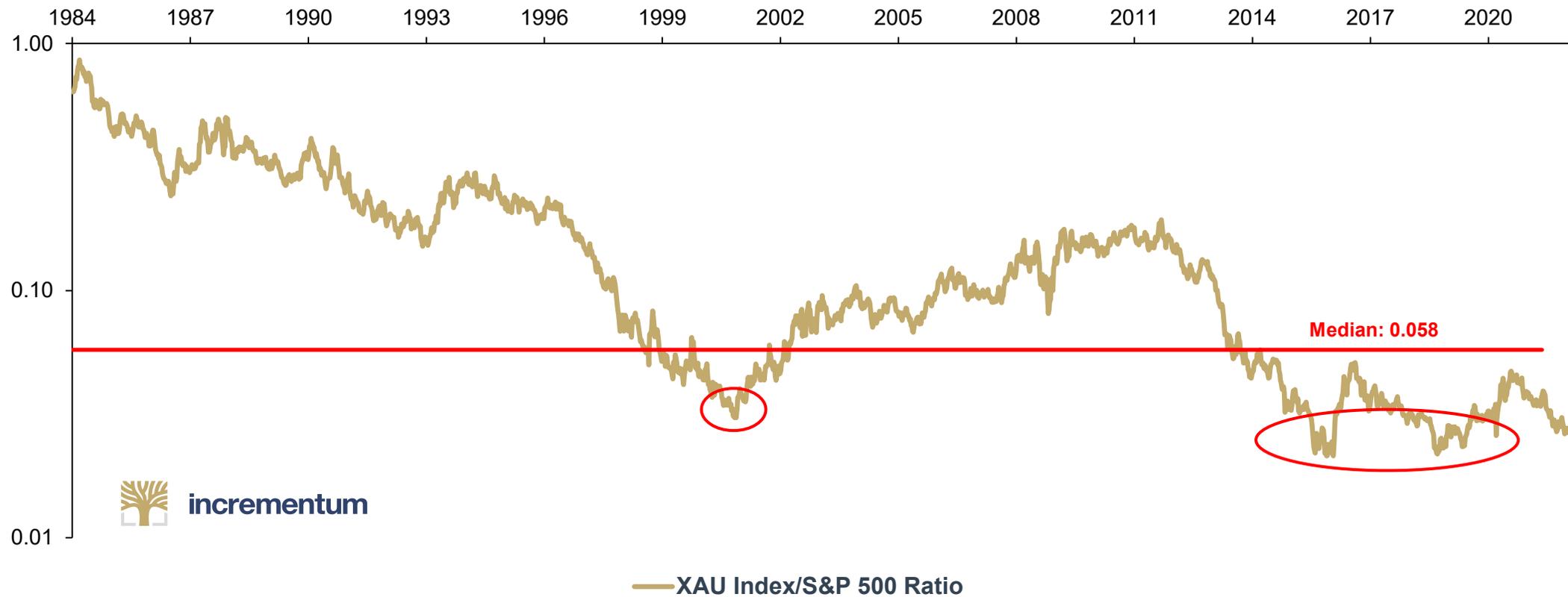
Comparison of various valuation metrics: S&P 500 vs. Arca Gold Miners Index (GDM)

	S&P 500 Index	GDM Index
Price/Earnings	24.34	13.45
Price/Cash Flow	19.24	6.78
Price/EBITDA	14.82	5.89
Price/Sales	2.98	2.70
Price/Book	4.51	1.60
Ent. Value/EBIT	22.87	10.15
Ent. Value/EBITDA	16.58	6.37
Gross Margin	34.70%	41.49%
Operating Margin	14.50%	29.50%
Profit Margin	11.32%	19.10%
Return on Capital	8.44%	10.36%
Free Cash Flow Yield	3.36%	7.32%
Dividend Yield	1.38%	2.31%
Total Debt/Ent. Value	0.24	0.12
Total Debt/Total Equity	117.34	19.44
Total Debt/Total Assets	24.43	13.01
Net Debt/EBITDA	1.13	0.14

Source: Trey Reik, Bristol Gold Group

Gold Miners Still in Antibubble-Mode

XAU Index/S&P500 Ratio (log), 01/1984-01/2022

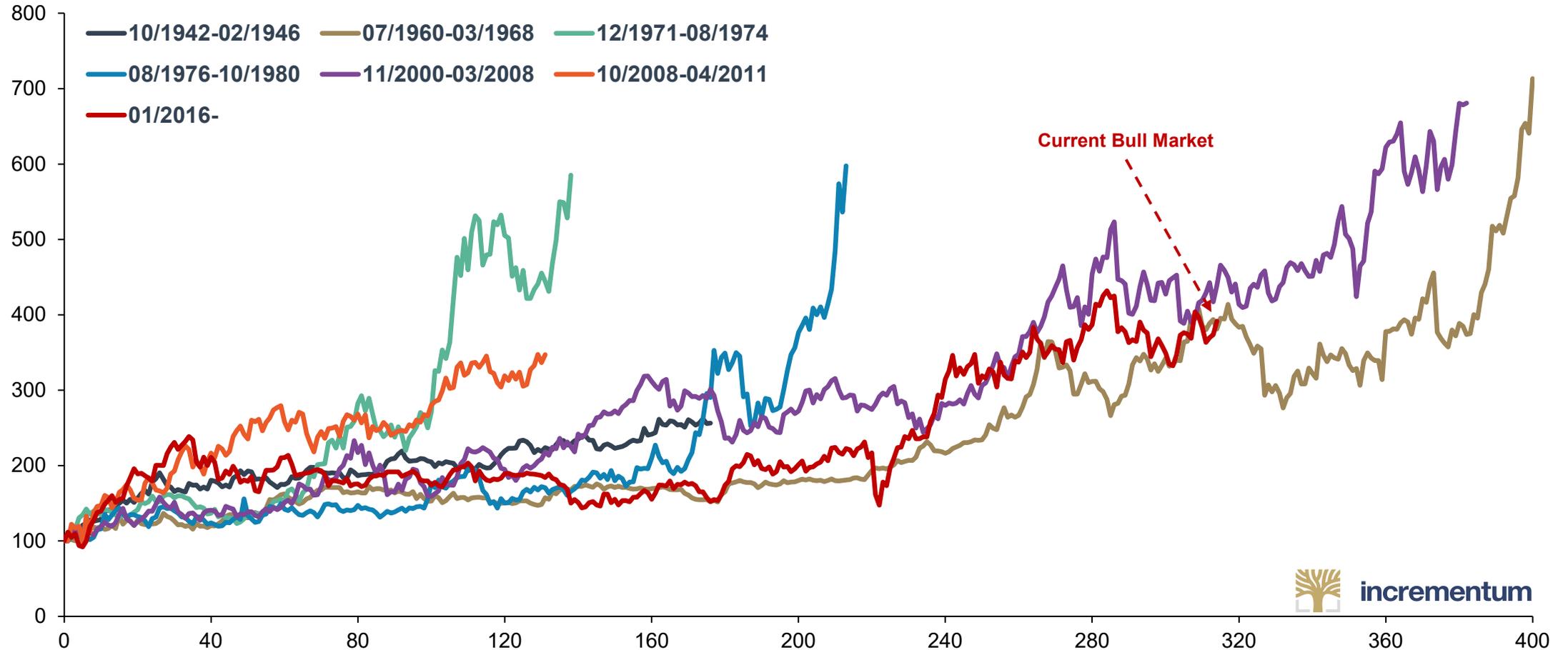


— XAU Index/S&P 500 Ratio

Source: Reuters Eikon, Incrementum AG

Waiting for the Last Push

BGMI Bull Markets, 100 = Start of Bull Market Cycle, 01/1942-12/2021



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

Silver Could Not Decouple From Gold

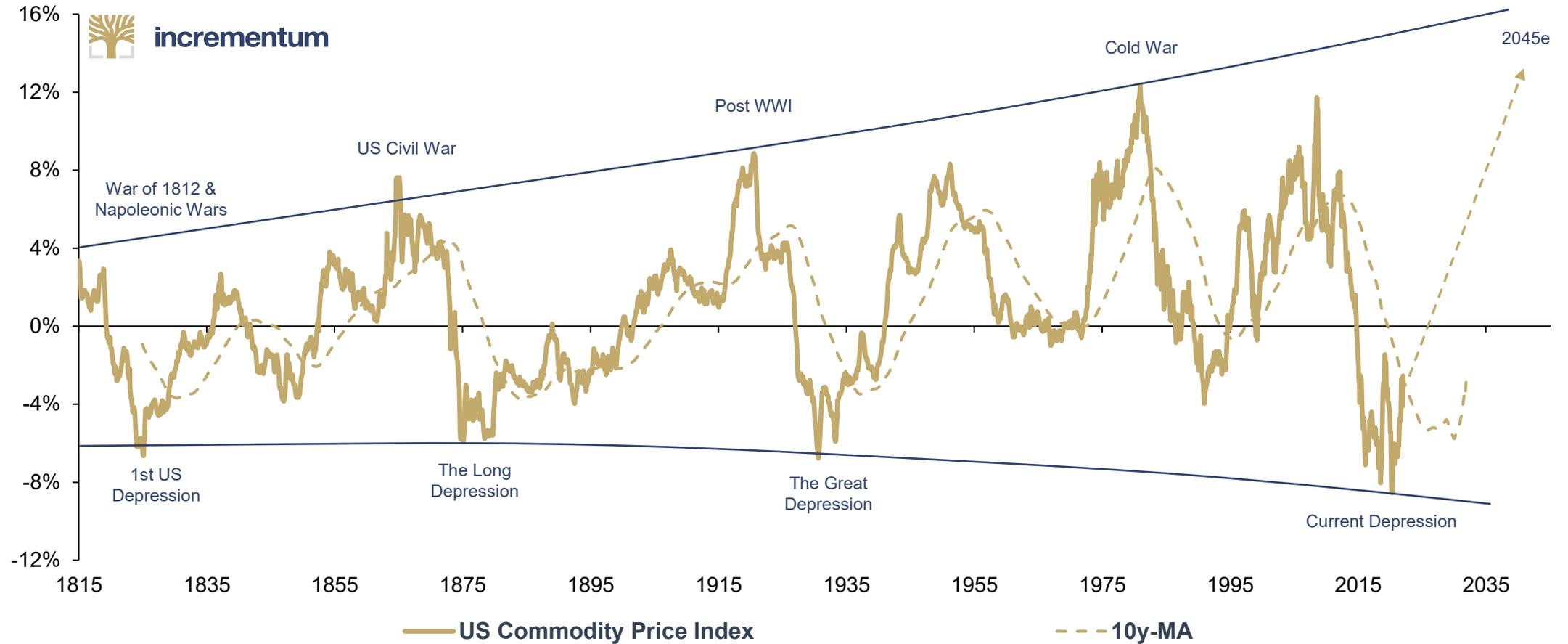
Silver Performance in Major Currencies, 2000-2022 YTD

Year	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	-11.7%	-5.2%	-10.8%	-6.4%	-12.4%	-14.1%	-1.6%	-9.0%	-10.0%	-9.0%
2022 YTD	5.0%	5.5%	4.5%	5.5%	3.9%	4.8%	4.1%	5.5%	5.0%	4.9%
Average	9.7%	9.0%	10.1%	7.7%	7.9%	8.3%	9.9%	6.7%	11.4%	8.9%

Source: Reuters Eikon (as of January 20th 2022), Incrementum AG

Has the Tide Turned for Commodities?

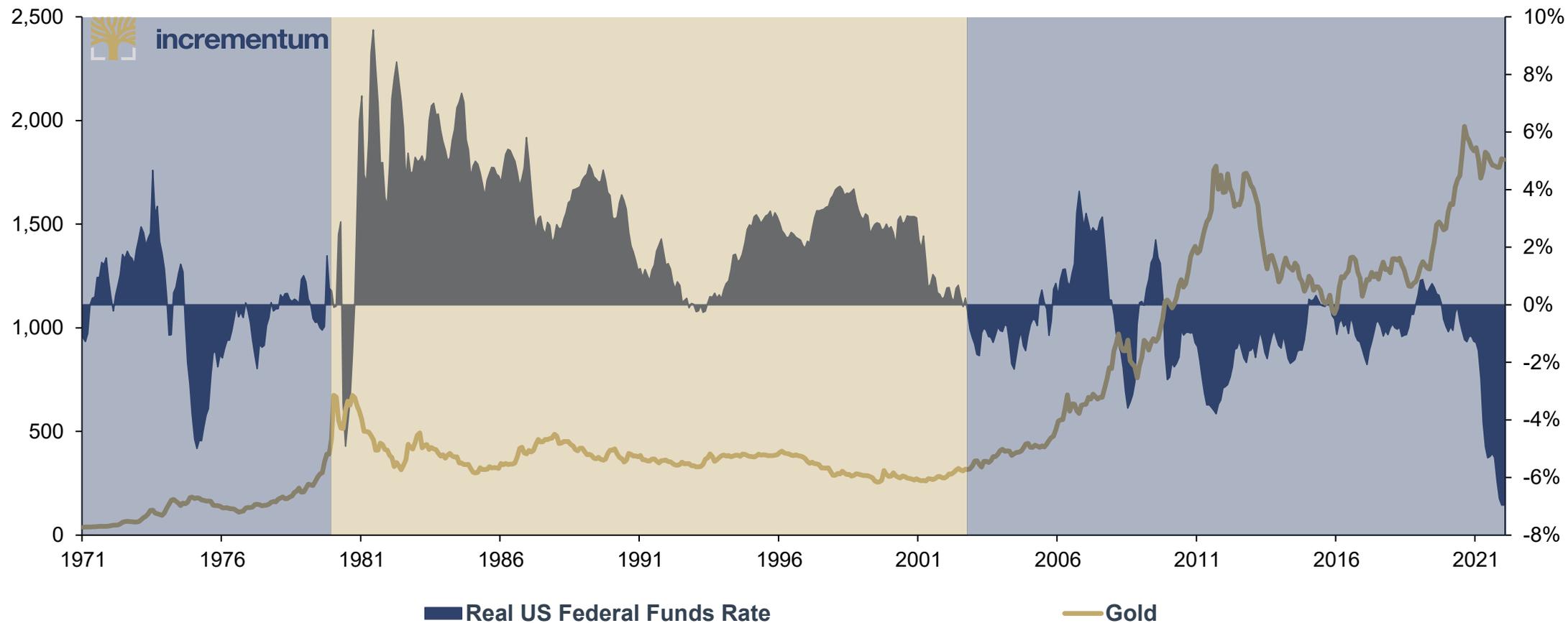
US Commodity Price Index, 10-Year Rolling CAGR, 1815-2022



Source: Stifel Report, Incrementum AG

Negative Real Rates Are The Foundation of Every Bull Market in Gold

Gold (lhs), in USD, and Real US Federal Funds Rate (rhs), in %, 01/1971-01/2022



Source: Reuters Eikon, Incrementum AG

What Are the Best Inflation Hedges?

Inflation Beta and Average Annualized Real Returns of Different Asset Classes (1970-2020)

Asset class	Inflation beta	Performance in the entire period	Performance in phases rising inflation	Difference
Commodities	4.0	4.2%	14.6%	10.3%
Gold	2.1	6.1%	15.7%	9.7%
REIT's*	0.7	9.8%	1.1%	-8.8%
1-5Y TIPS**	0.5	0.9%	0.1%	-0.8%
High Yield Bonds	-0.4	5.0%	-0.9%	-5.9%
10Y TIPS***	-0.5	6.3%	2.1%	-4.2%
S&P 500	-0.7	7.9%	-0.4%	-8.2%
Corporate Bonds (BAA)	-0.8	4.5%	-1.2%	-5.7%
10Y US Treasuries	-1.1	3.3%	-3.7%	-7.0%

Source: Bloomberg, Federal Reserve St. Louis, Verdad, Incrementum AG
 *REIT: Data available as of 1990 (Dow Jones REIT Total Return Index),
 ** Short-duration TIPS as of 2005 (Barclays 1-5Y TIPS Total Return Index),
 *** Long-duration TIPS as of 2000 (Barclays 10Y+ TIPS Total Return Index)

Outlook 2022: 10 (+1) Bold Forecasts

1. Gold marks new all-time highs
2. HUI has a quarter with $>+30\%$.
3. Oil (Brent) rises to over USD 110/barrel
4. Nickel price rises to USD 26,000/tonne
5. Uranium price continues its renaissance, spot price rises to USD 60
6. Cannabis sector experiences renaissance, MSOS ETF rises more than 30%
7. A central bank or sovereign wealth fund buys $> 1,000$ bitcoins
8. China reports 30% increase in state gold reserves
9. Federal Reserve with only one rate hike
10. Tesla stock corrects 50% from top, Elon Musk resigns as CEO
11. **Austria will NOT win the football world cup!**

Addendum

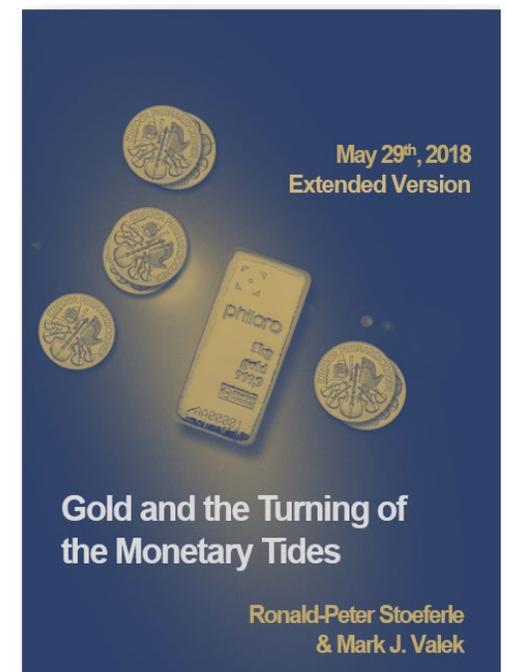
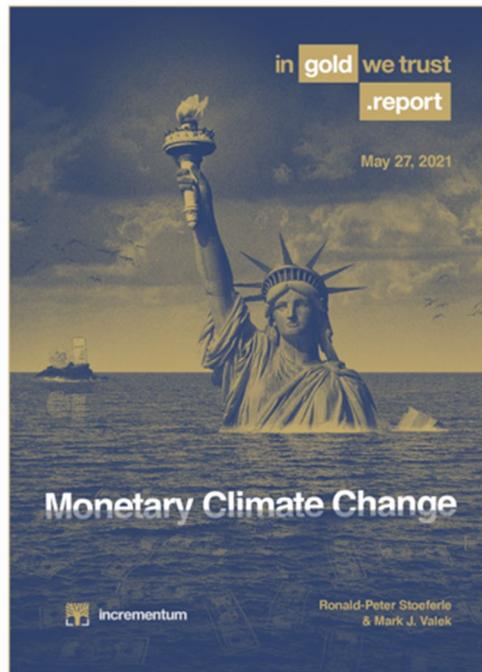
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*About the **Future.***

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JOHN READE

Chief Market Strategist
World Gold Council

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Dear Daniel,

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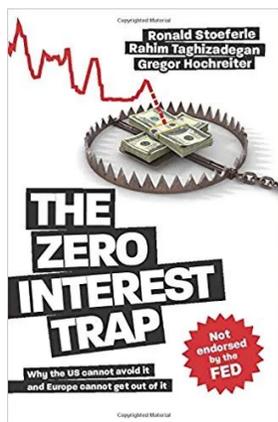
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Have a great day and please do not hesitate to contact us if you should have any questions!

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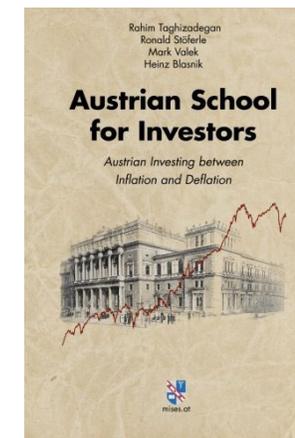
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Incrementum AG is an owner-managed and fully licensed asset manager & wealth manager based in the Principality of Liechtenstein.

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.



Partners of Incrementum AG

About the *In Gold We Trust* Report

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.



Mark Valek & Ronald-Peter Stöferle

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Ronald-Peter Stoeferle

Research & Portfolio Management

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