

Ronald-Peter Stoeferle: «Bitcoin and Gold Are Brothers in Spirit»

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If fiat currencies were solid, there would be no real investment case for bitcoin or gold. But our monetary system is anything but sound, Ronald-Peter Stoeferle from the Liechtenstein-based asset manager Incrementum said in an interview with *finews.com*.

Mr. Stoeferle, Incrementum has funds that mix gold with bitcoin and cryptos. What links the two asset classes?

There are over 19,000 crypto coins and a clear distinction to be made between Bitcoin and the rest. There is a lot of junk in the crypto universe, 99 percent of the coins will disappear over time.

With Bitcoin, on the other hand, the strength of the network is increasing day by day. Bitcoin as a monetary technology, as a monetary upgrade of our system, has many similarities to gold. **Satoshi Nakamoto**, the creator of Bitcoin, understood gold, our monetary system and the

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financial system very well.

In what way?

If we had solid fiat currencies, there would be no real investment case for Bitcoin or gold. But we are in a system that is anything but sound.

«The bottom line is that bitcoin is still a risk-on-asset»

In this respect, the argument for investing in bitcoin and gold is gaining ground. There is relative scarcity in the two asset classes, which both have a high stock-to-flow ratio. This ratio describes the relationship between the existing supply of a commodity and production.

Bitcoin is also getting stronger with each holding. The concept of combining two alternative monetary asset classes in one fund is appreciated by our investors.

Bitcoin is often touted as gold 2.0, as a hedge against inflation and a recession. Is the term digital gold still appropriate after this year's crash?

I think it is. But the bottom line is that bitcoin is still a risk-on-asset. It correlates with the risk appetite. Gold has a 5,000-year track record.

«Bitcoin has somewhat stolen the show from gold over the past few years»

Bitcoin, on the other hand, is still growing up. Especially in the institutional sector, a lot has changed for the better for bitcoin recently. In the future, bitcoin could mature more and more into a risk-off investment. At the moment, however, this is definitely not the case.

Is money that was often put into Bitcoin & co in the past years now increasingly flowing back into gold?

Bitcoin has somewhat stolen the show from gold in recent years in terms of media coverage.

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Looking at the money flows, I don't see any central factor for the gold price development here.

The classes of buyers are very different. Bitcoin buyers tend to be younger, technology-savvy and are often concerned about our monetary system. Many crypto investors who have understood bitcoin eventually go on to discover gold.

Is gold still contemporary in the age of digitalization? Does gold appeal to Generation Z?

With age, people become more conservative and less risk-averse. Young Bitcoin investors can become convinced Bitcoin and gold holders as they grow older. What has stood the test of time is likely to continue.

«Gold is not for getting rich quick»

This can be seen, for example, in the renaissance of old vinyl records, which have become hip again among young people today. This so-called Lindy effect can be observed very well with gold and bitcoin. I also don't see much competition between these two asset classes. Bitcoin and gold are brothers in spirit.

What do you think of gold-backed crypto tokens like Paxos Gold or Tether Gold?

Paxos has molted in terms of liquidity, I don't follow Tether Gold enough. With many others, however, I am rather skeptical due to low liquidity and partly unconvincing business models.

Do you see gold-backed crypto tokens as a store of value or a means of payment in the near future?

I still believe in Gresham's Law in terms of spending the bad money and hoarding the good money. In this respect, I don't think that the means of payment function is overriding here.

Gold serves primarily to hedge already existing purchasing power. Gold is not there to get rich quickly. On the other hand, you don't become poor quickly with gold. Gold is a defensive and conservative asset, it does its job well and preserves purchasing power.

Bitcoin or gold - which asset class is more promising in the long term?

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Our Digital & Physical Gold Fund strategically invests 75 percent in gold and 25 percent in Bitcoin through physical investments, futures and options. I consider this approach to be a sensible one. If Bitcoin continues to establish itself, then prices will probably rise in the next few years.

Ronald-Peter Stoeferle is a managing partner at the Liechtenstein fund house and asset manager Incrementum. He is responsible for research and portfolio management. Stoeferle studied business administration and finance in the USA and at the Vienna University of Economics and Business Administration. Together with **Mark J. Valek**, one of the partners at Incrementum, he publishes the comprehensive [«In Gold We Trust Report»](#) every year. He is also a board member of the Canadian exploration company Tudor Gold and advisor to the Zurich-based precious metals specialist Matterhorn Asset Management.