

The New Gold Playbook

Why Gold is Still Undervalued...



Ronald-Peter Stöferle
Managing Partner and Fund Manager
Incrementum AG
November 2024

Peppered Moth

Adaptation in Nature



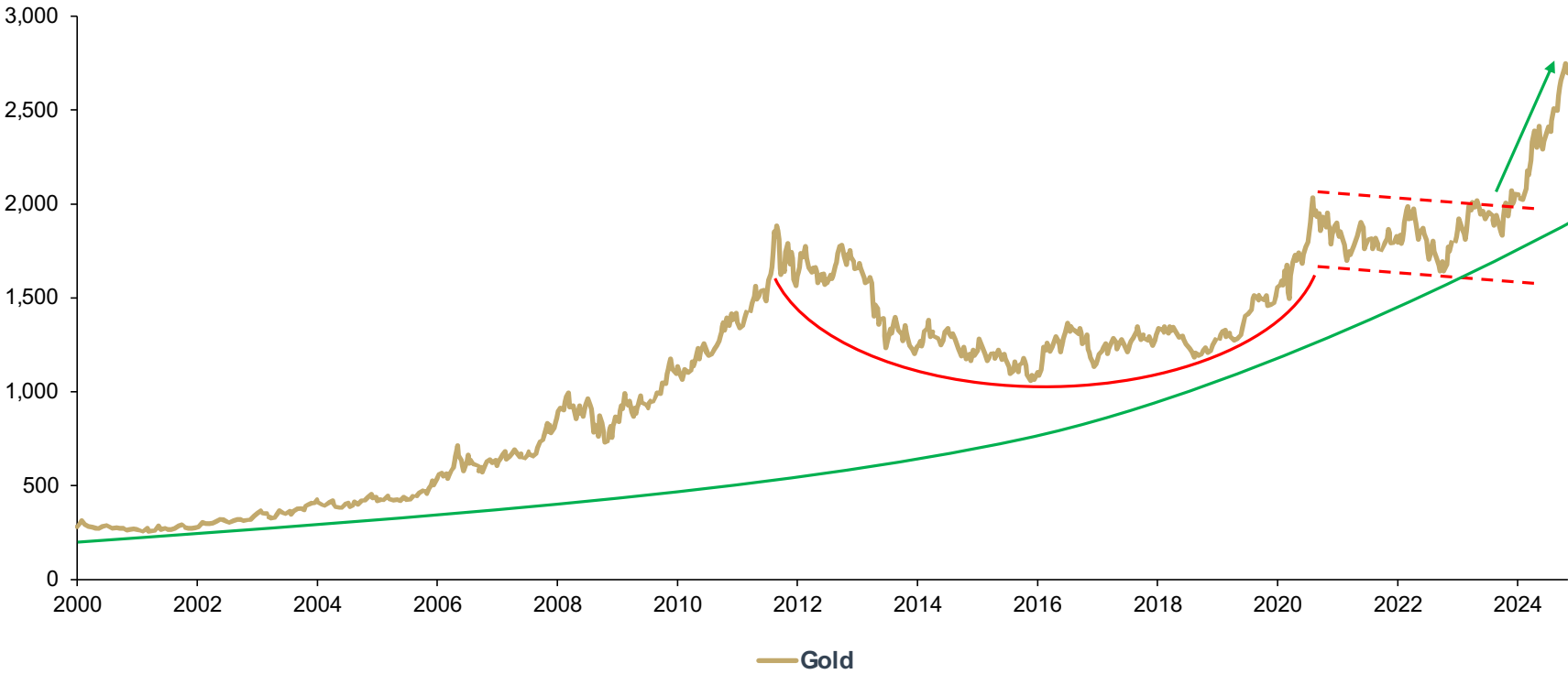
Discovering the New Gold Playbook

*“If gold should break out of the consolidation pattern, our technical target is **USD 2,700.**”*

Precious Metals Summit 2023

Breakout: Gold And Gold Investors Enter Terra Incognita!

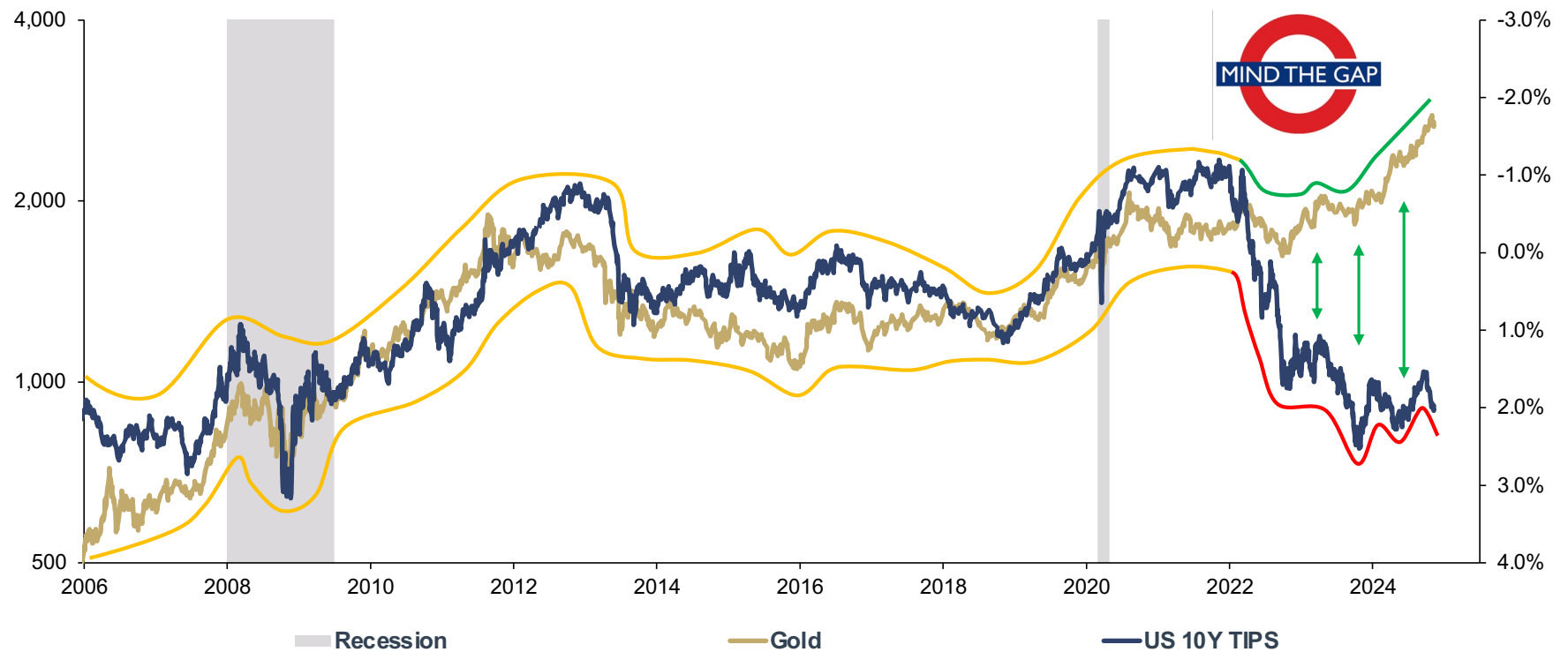
Gold Cup-and-Handle Formation, in USD, 01/2000–11/2024



Source: Reuters Eikon, Incrementum AG

Gold In Rally Mode – And That With Rising Real Interest Rates. In The Old Playbook, This Would Have Been Unthinkable!

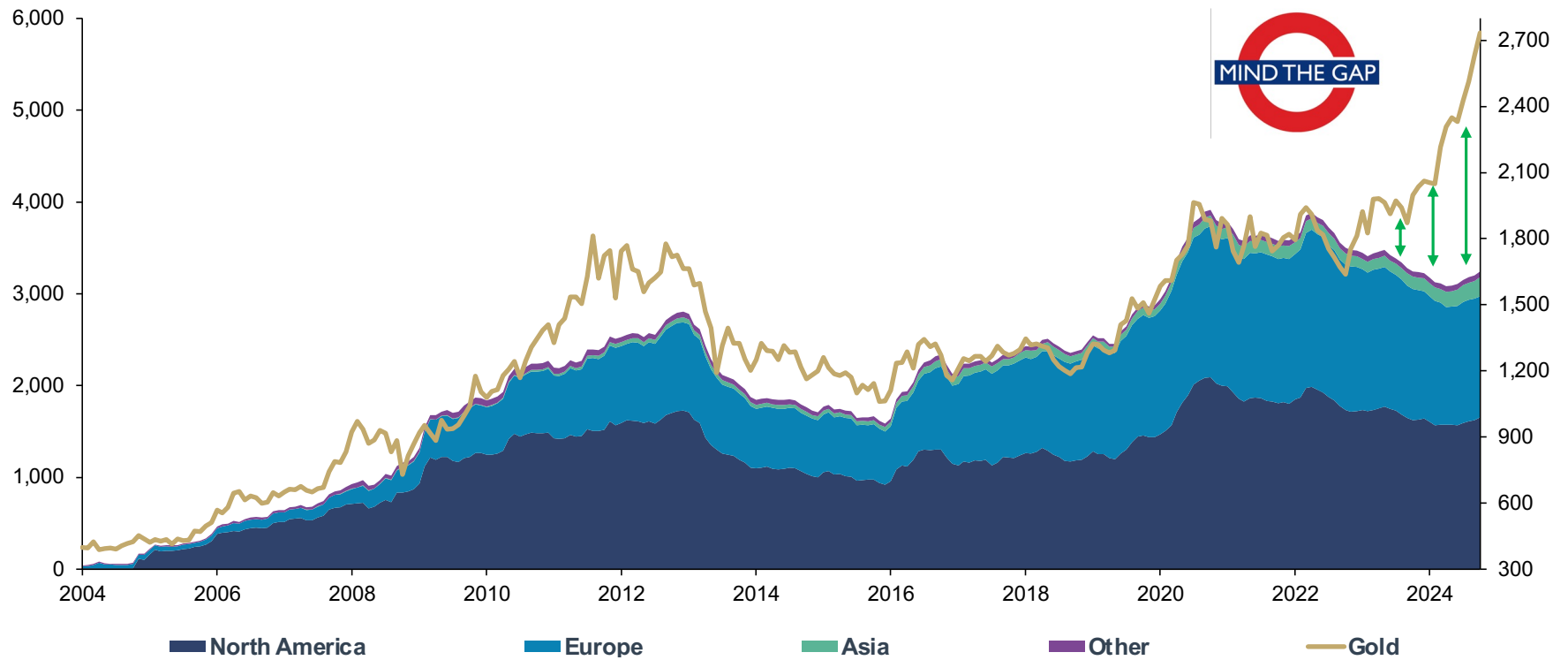
Gold (lhs, log), and US 10Y TIPS (rhs, inverted), 01/2006–11/2024



Source: Reuters Eikon, Incrementum AG

Acting According To The Old Playbook: Western Financial Investors Are Highly Underweighted Gold

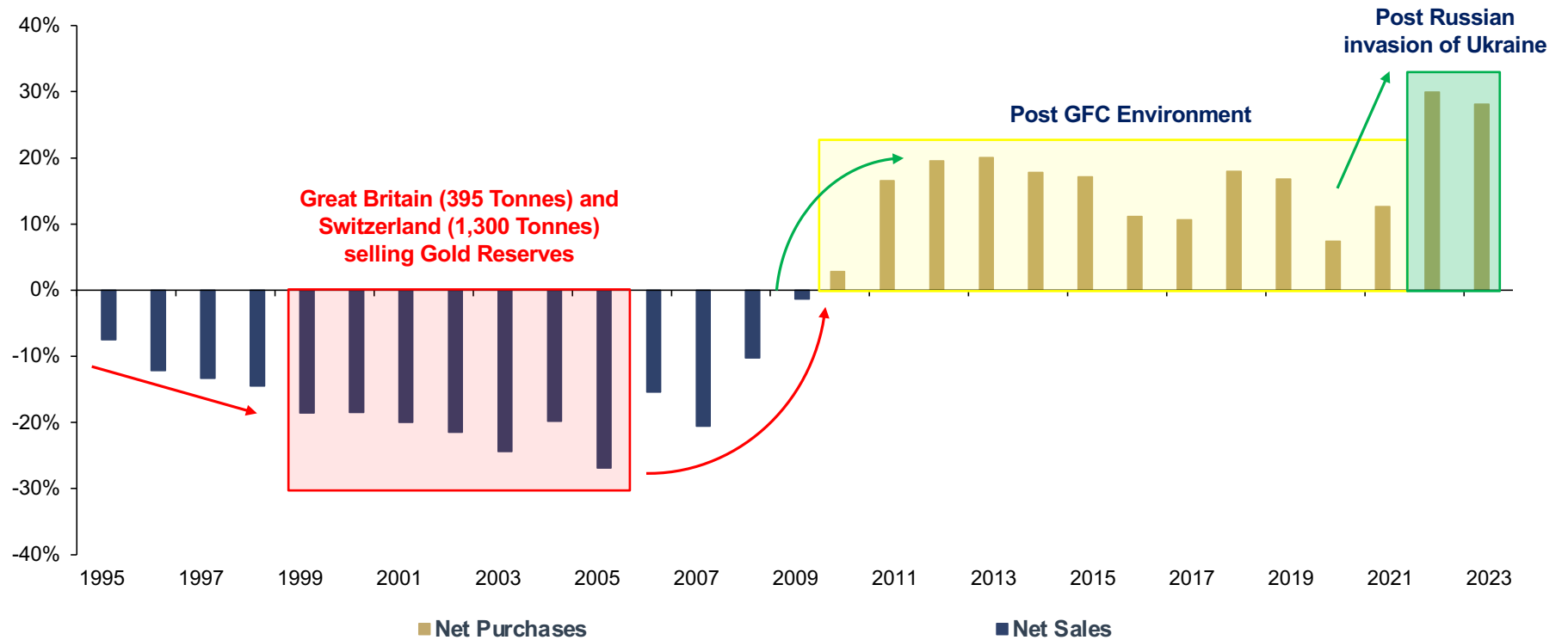
Accumulated Gold ETF Holdings by Region (lhs), in Tonnes, and Gold (rhs), in USD, 01/2004–10/2024



Source: Reuters Eikon, Incrementum AG

New Gold Playbook: Central Bank Demand One of the Main Drivers!

Global Central Bank Gold Purchases, in % of Mine Production, 1995–2023

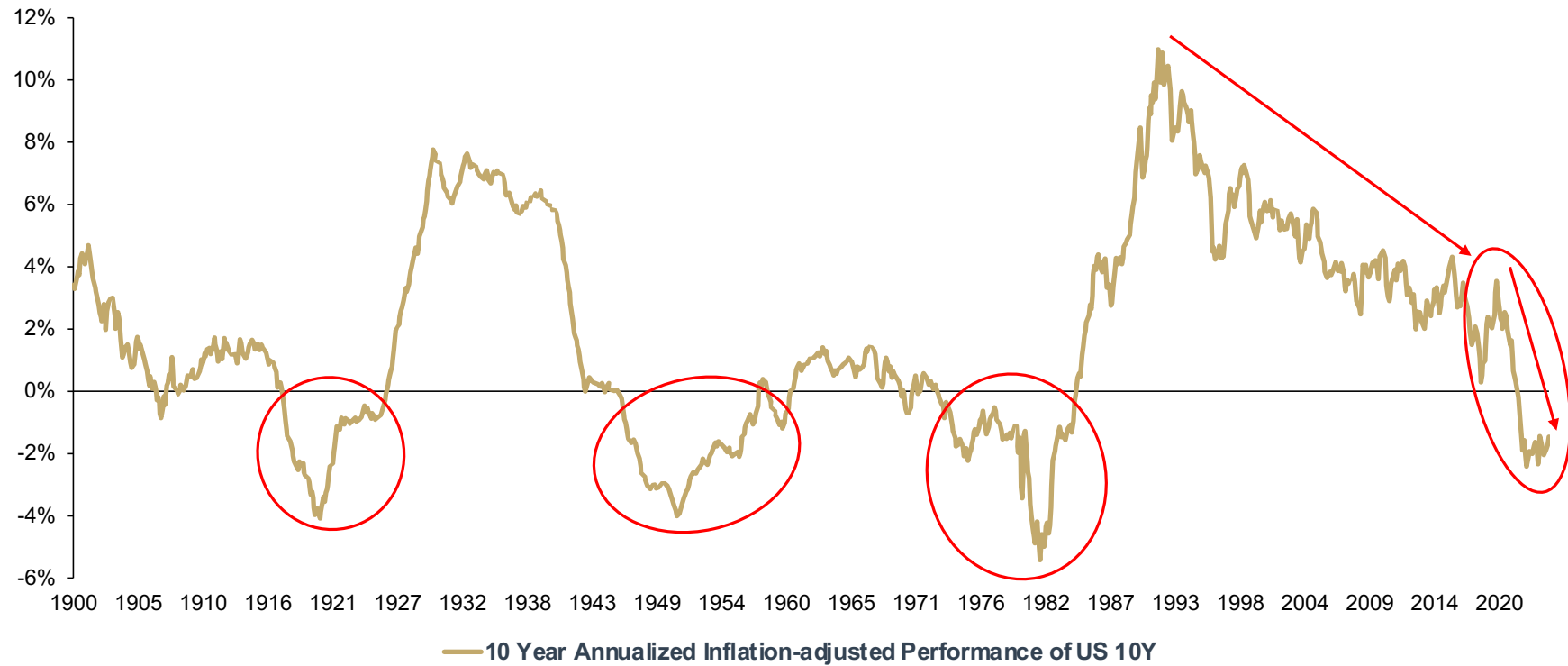


Source: Reuters Eikon, Incrementum AG



New Playbook: Bonds Are No Longer The Antifragile Portfolio Foundation

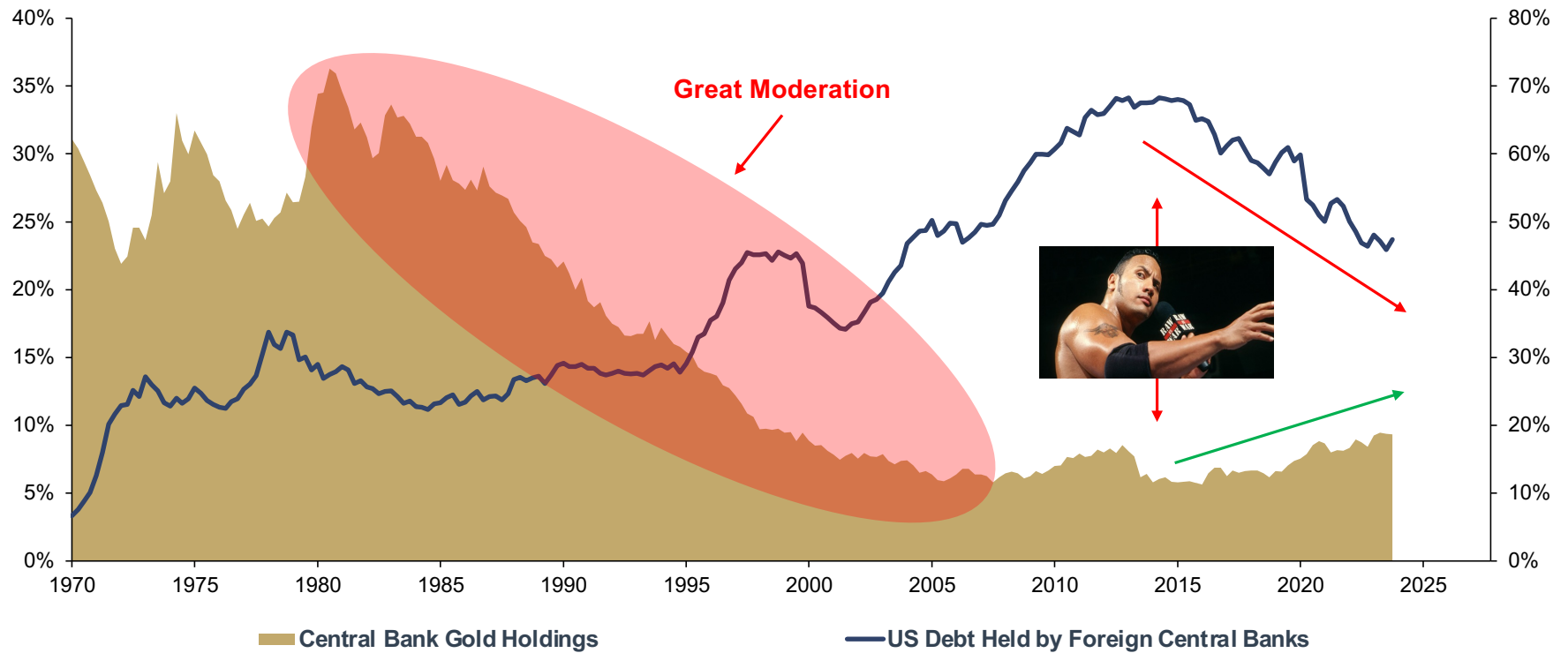
10 Year Annualized Inflation-adjusted Performance of US 10Y, 01/1900–09/2024



Source: Robert J. Shiller, Incrementum AG

Heel-Turn: The Renaissance of Gold as Central Bank Asset?

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



Source: Tavi Costa, Crescat Capital, Reuters Eikon, Incrementum AG

BRICS Summit Kazan 2024



XVI BRICS Summit

Kazan Declaration

*STRENGTHENING MULTILATERALISM FOR JUST GLOBAL
DEVELOPMENT AND SECURITY*

Kazan, Russian Federation
23 October 2024



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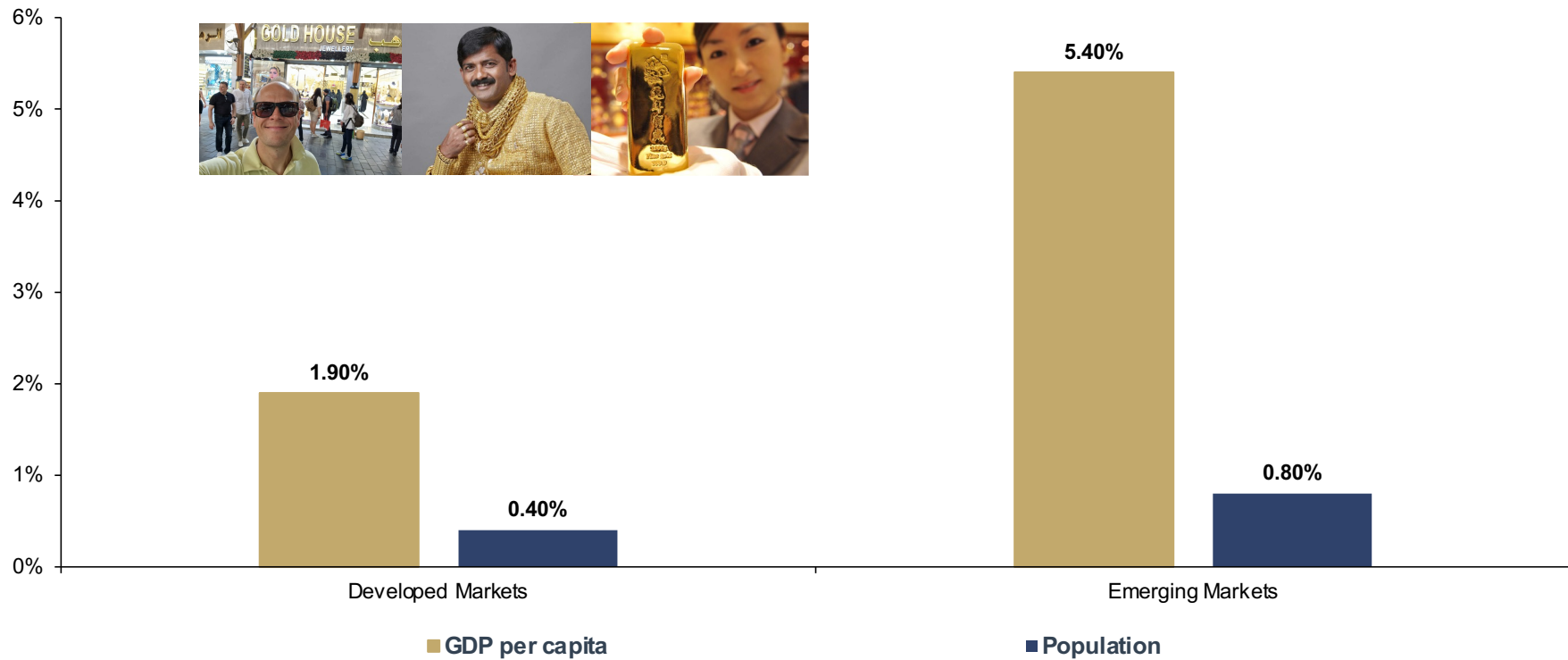
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Growing Purchasing Power and Population Are the Breeding Grounds For an Increasing Demand For Gold in the East.

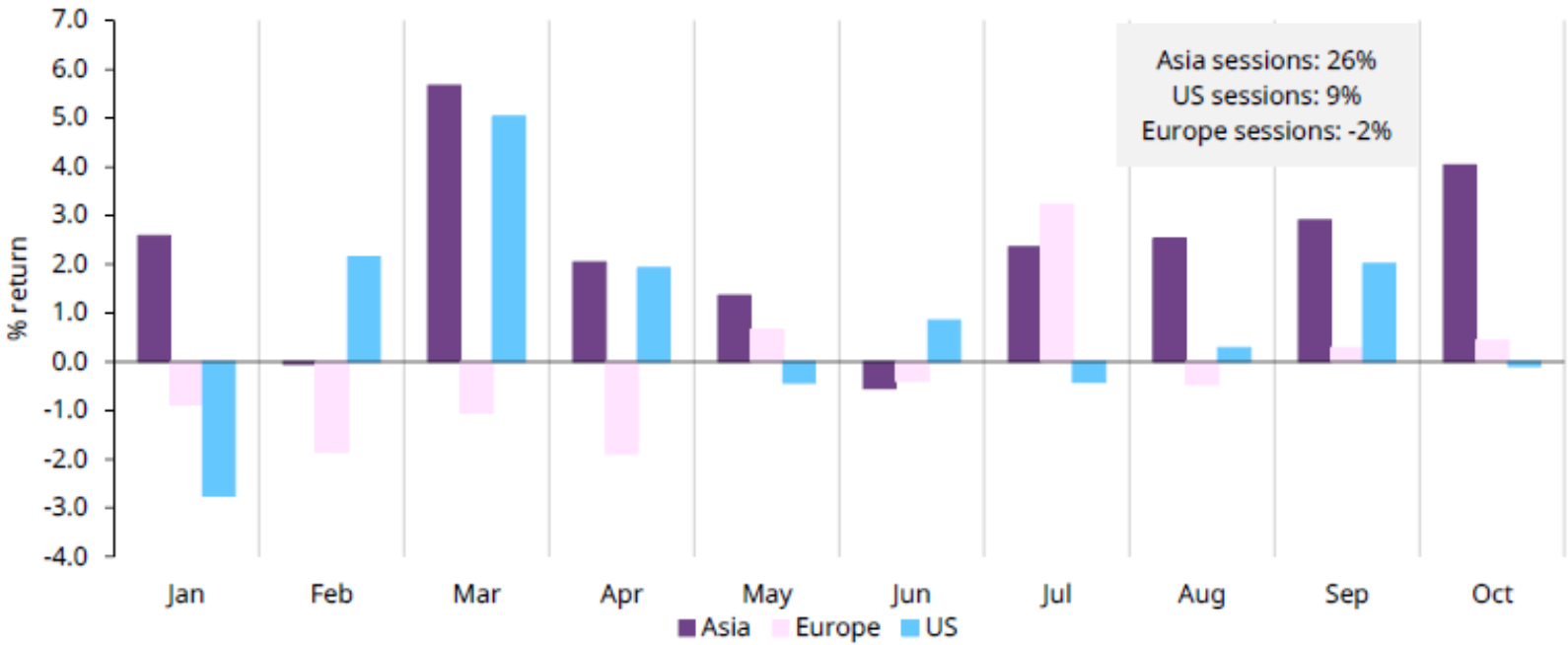
10-Year-CAGR of GDP per capita, and Population in Developed and Emerging Markets, 2013–2023



Source: worldeconomics.com, Incrementum AG

Gold's Return Has Been Driven Mostly During Asian Trading Hours

20-minute intraday spot gold mid-price cumulative returns divided into regional trading sessions



Source: World Gold Council, Johan Palmberg

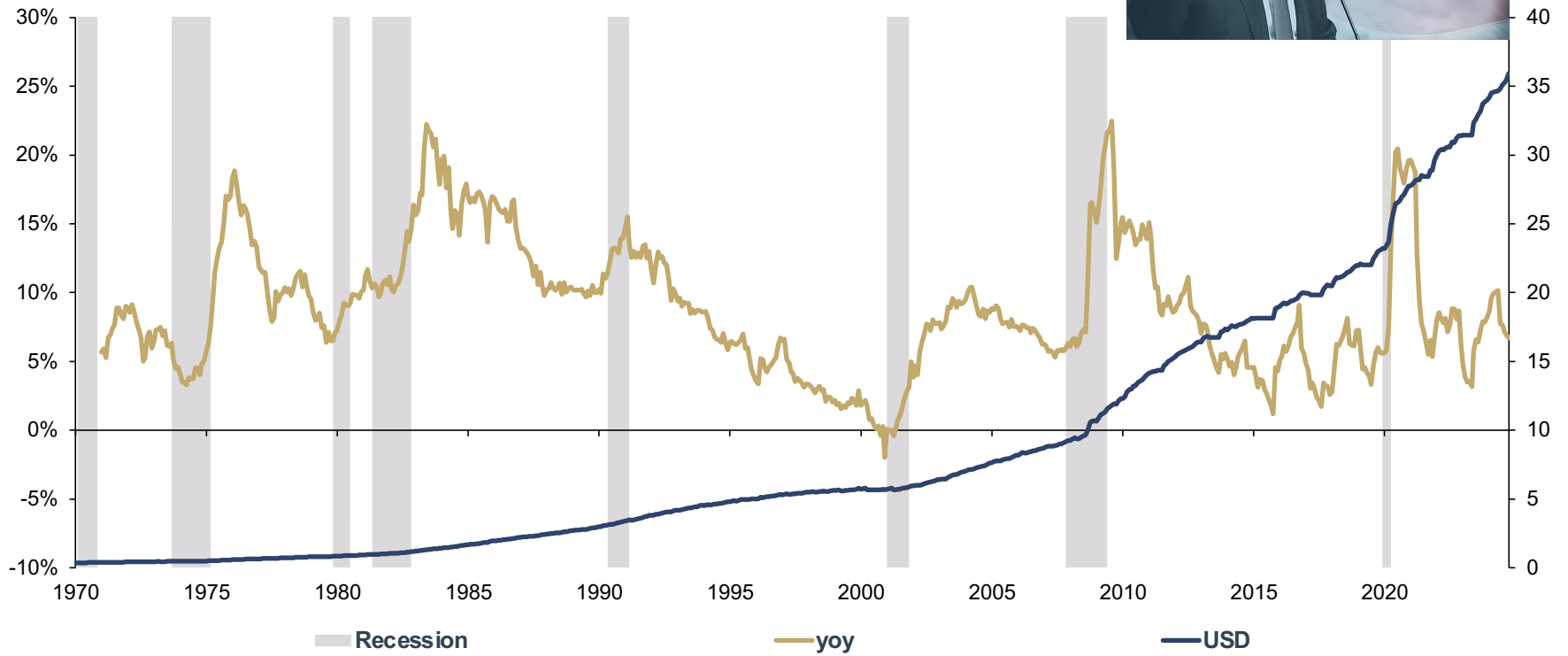
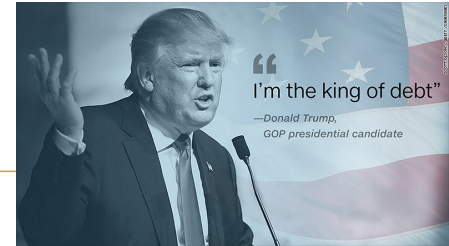
Mastering the New Gold Playbook

“We laugh at people who still use Windows 95, yet we still cling to opinions that we formed in 1995.”

Adam Grant

Debt: The Only Way Is Up!

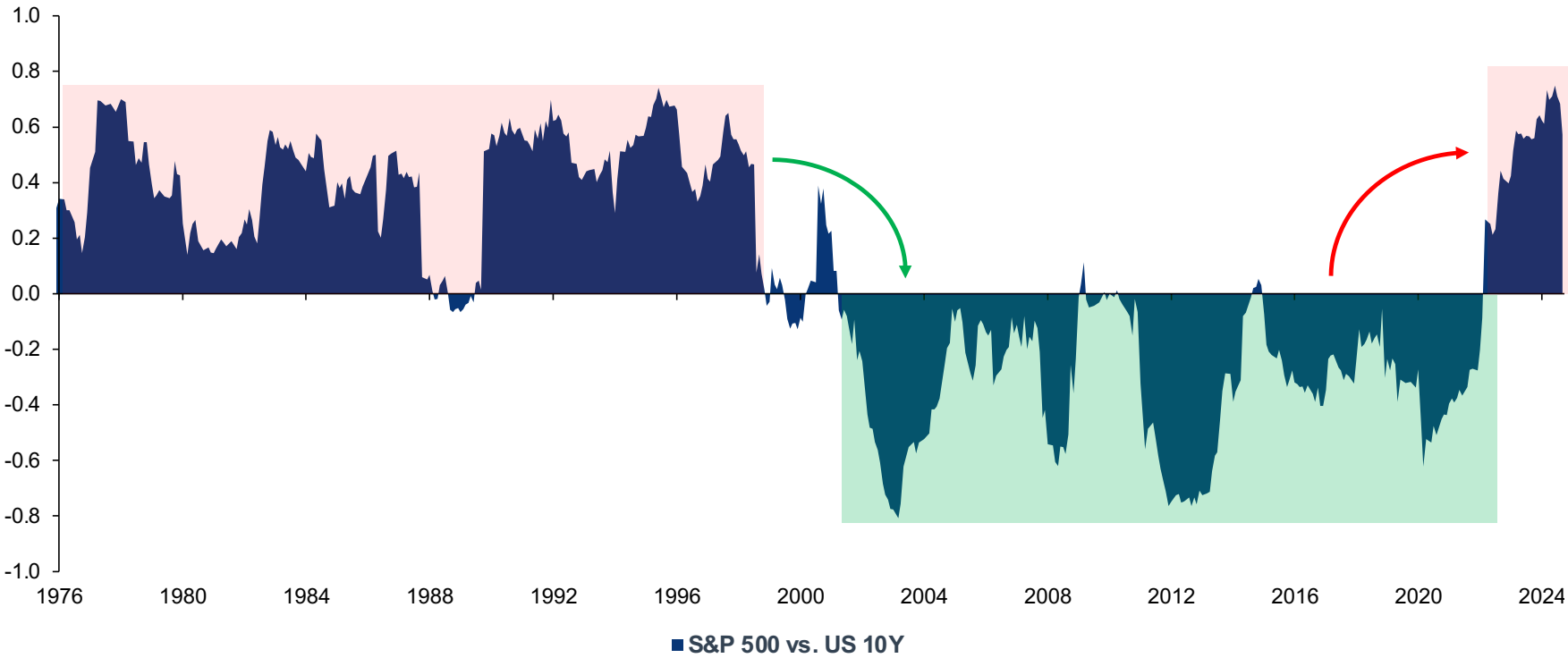
US Total Public Debt, yoy, in USD trn, 01/1971-10/2024



Source: Reuters Eikon, Incrementum AG

Bonds and Stocks Are Positively Correlated Again!

Rolling 2-Year Correlation of S&P 500 and US 10Y, 01/1972–10/2024

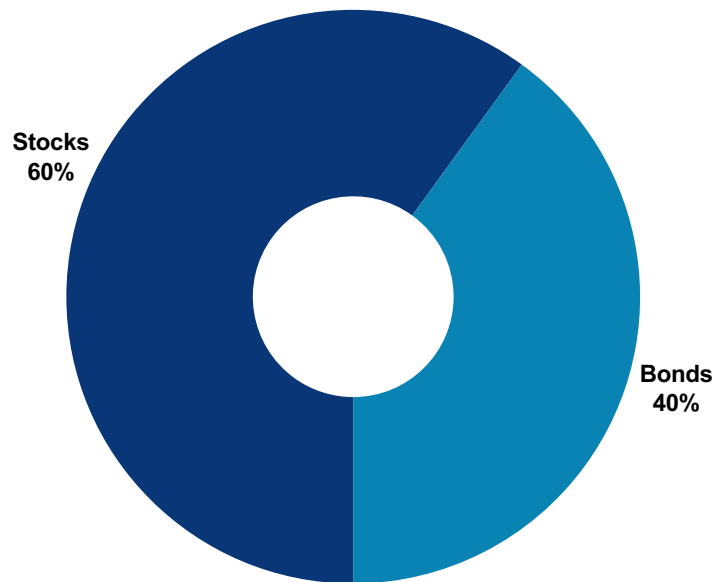


Source: Reuters Eikon, Incrementum AG

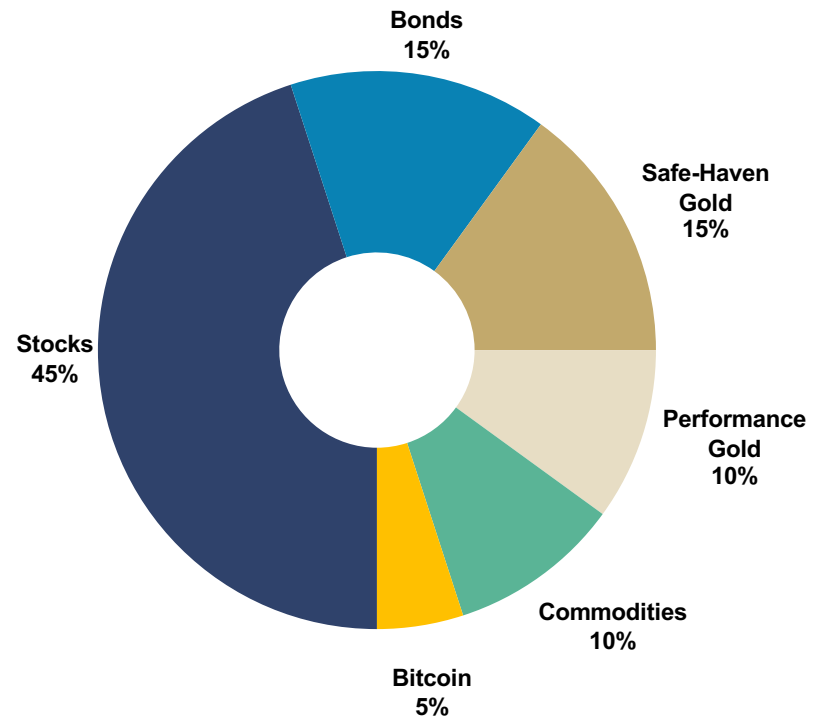
The Old 60/40 Portfolio Is No Longer Of Use In The New Gold Playbook! Liquid Alternative Investments Will Be A Key Building Block

The Old 60/40 Portfolio vs. The New 60/40 Portfolio

The Old 60/40 Portfolio



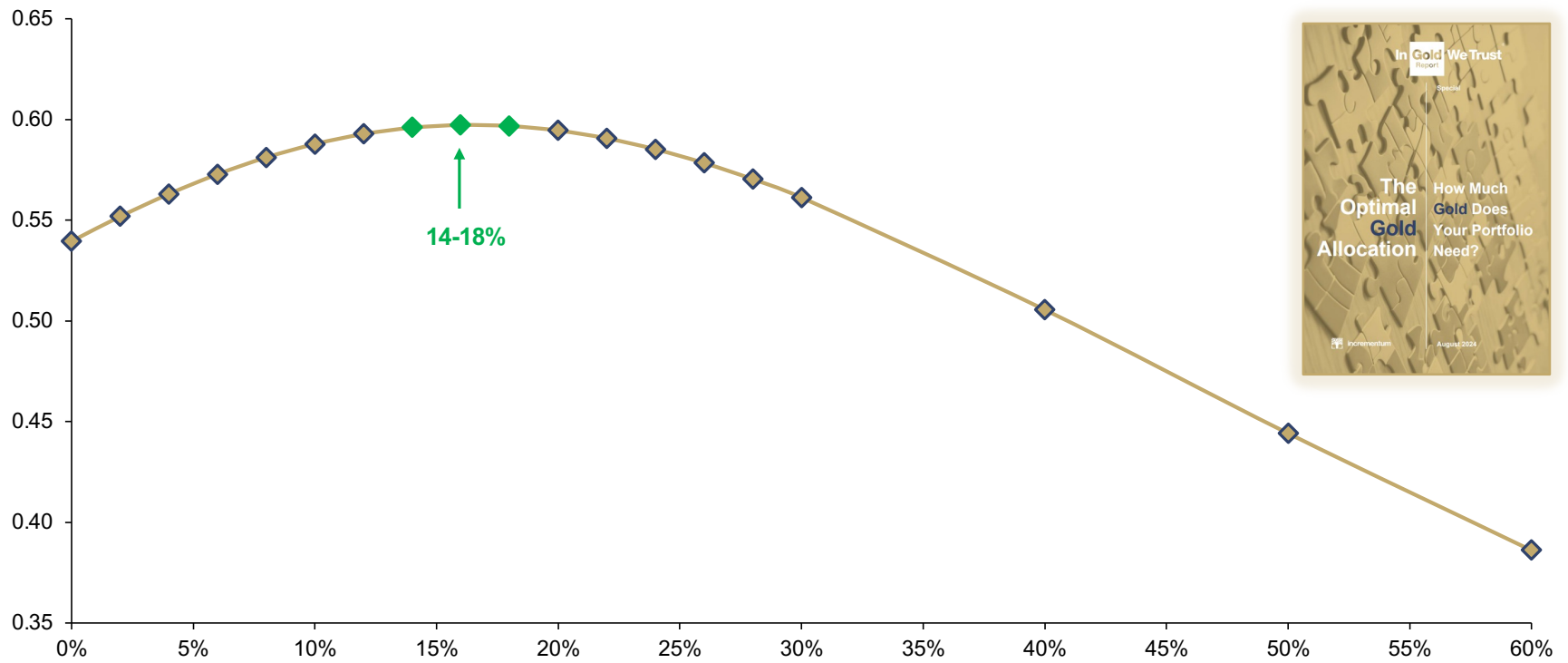
The New 60/40 Portfolio



Source: Incrementum AG

Our Calculations Show That The Integration Of Gold Into An Equity/Bond Portfolio Significantly Increases The Sharpe Ratio!

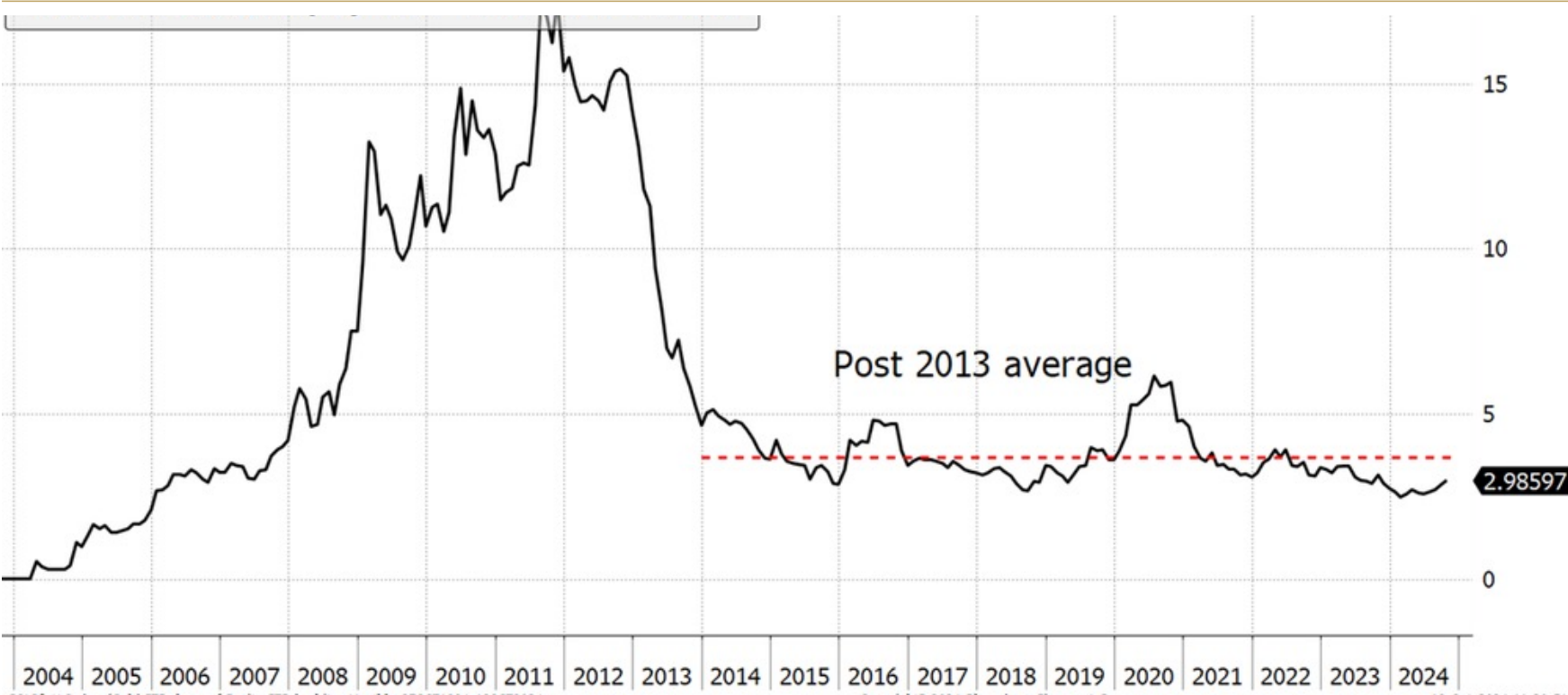
Optimal Gold Allocation for Risk-Adjusted Returns Maximization: Gold Allocation (x-axis), and Sharpe Ratio (y-axis), 01/1970–04/2024



Source: Robert J. Shiller, Reuters Eikon, Incrementum AG

Gold Is On Everyone's Lips, But Not In All Portfolios

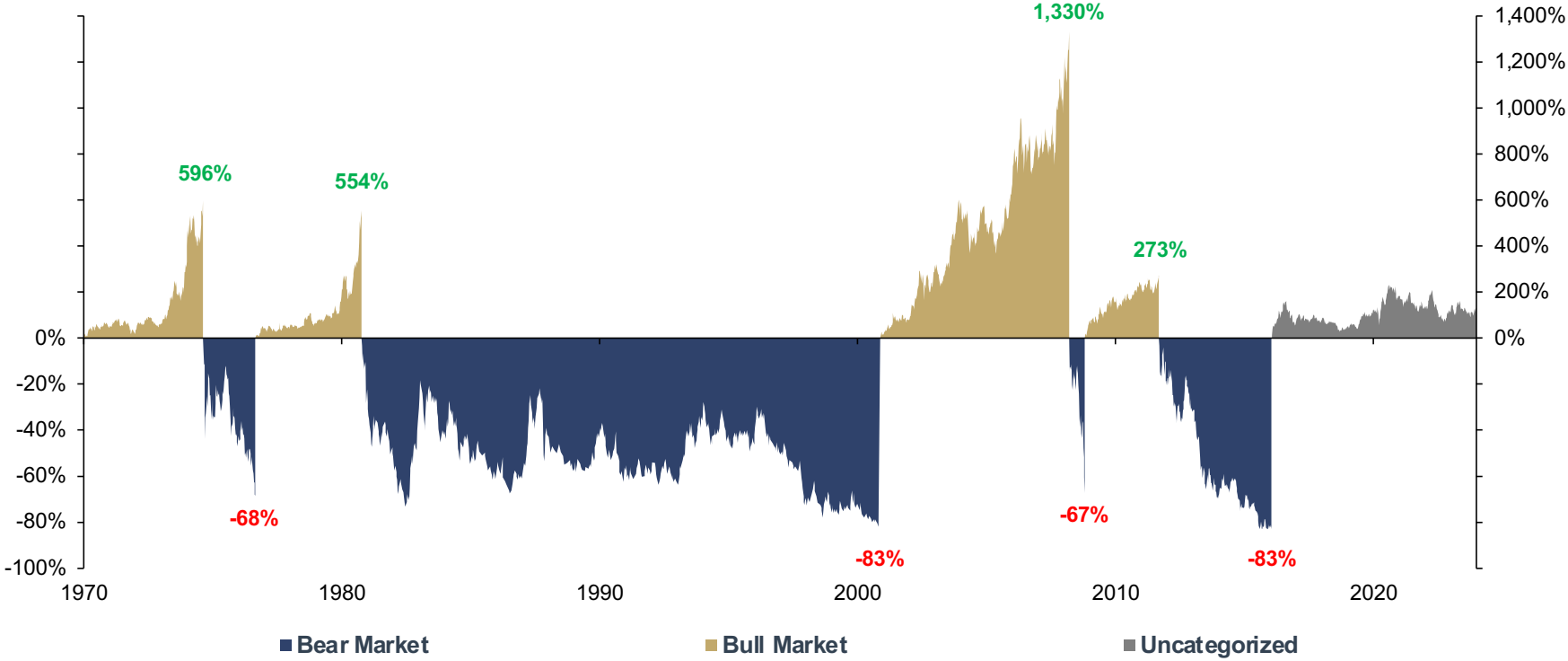
Gold ETF share of Equity ETFs



Source: Charlie Morris, Atlas Pulse, Bloomberg

Success in Mining Stocks Hinges on Active Timing!

Gold Miners* Bull/Bear Markets, 01/1970–12/2023



Source: Nick Laird, Reuters Eikon, Incrementum AG

*1970–2000 BGMI, 2000–Today HUI



Active Management is Crucial When Investing in Mining Stocks. That's Why We Developed our *Incrementum Active Aurum* Signal

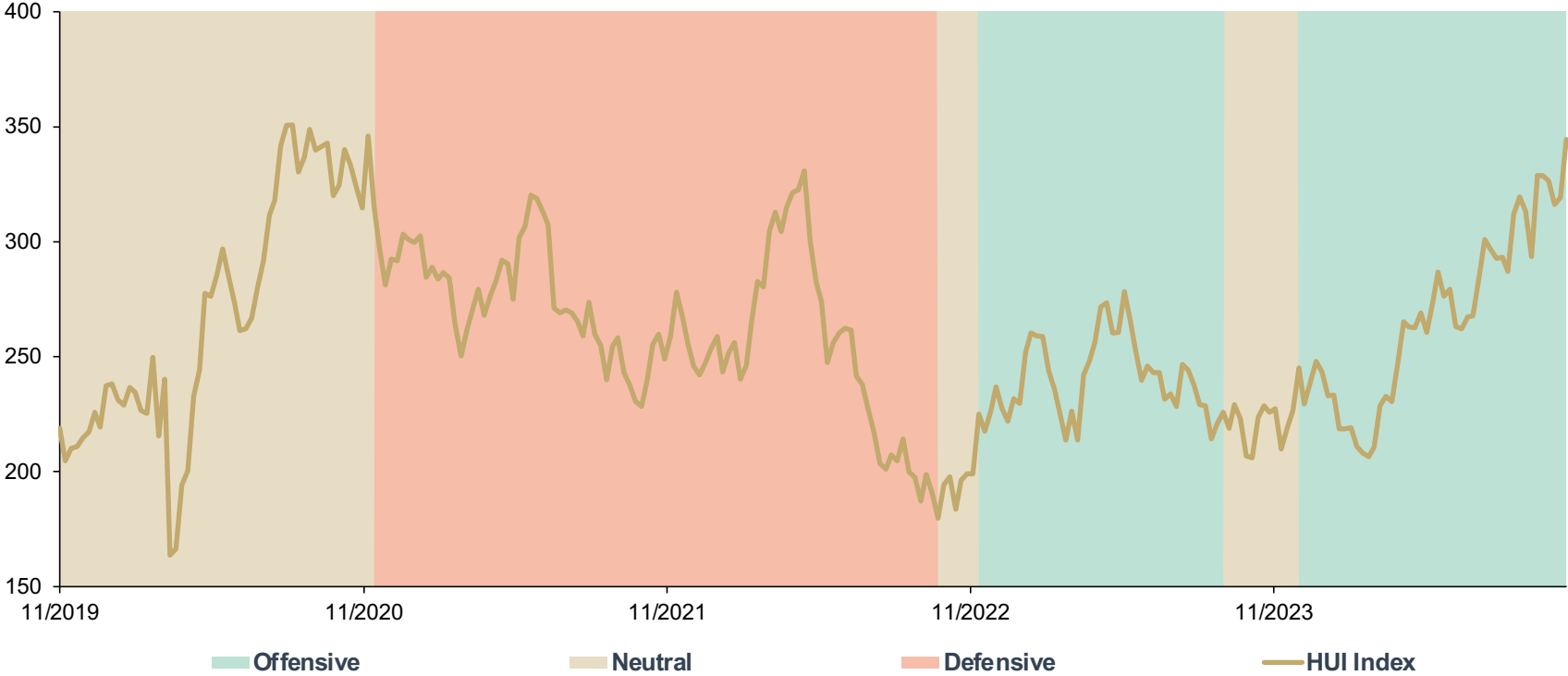
Incrementum Active Aurum Signal Composition

- The ***Incrementum Active Aurum* Signal** consists of two equally weighted signals: **Cycle Signal** + **Fundamental Signal**
- The **Cycle Signal** is composed as follows:
 - **Momentum:** Relative Strength Index (RSI) of gold mining stocks
 - **Sentiment:** CFTC Net Gold Positioning
 - **Risk appetite:** Bollinger Bands on Gold Mining Stocks/Gold Ratios
 - **Macro environment:** *Treasury Inflation Protected Securities* (TIPS)
 - **Boom/Bust Indicator:** Gold mining stocks relative to their moving average
- The **Fundamental Signal** is composed as follows:
 - **Market Environment Indicator:** Gold Mining Stock Margin Trend Channel

Source: Incrementum AG (For a detailed presentation of the *Incrementum Active Aurum* Signal, see [In Gold We Trust Report 2024](#), p. 143-147)

The *Incrementum Active Aurum* Signal Successfully Anticipated the Recent Upward Movement in Gold Mining Stocks

HUI Index, in USD, and *Incrementum Active Aurum* Signal, 10/2019–10/2024



Source: Incrementum AG (For a detailed presentation of the *Incrementum Active Aurum* Signal, see [In Gold We Trust Report 2024, p. 143-147](#))

How High Will Gold Go In The New Playbook?

“In a bull market, the sideline is the worst place to be!”

Michael Kosares

Let Us First Appreciate The Run Gold Has Had in the Last Few Years!

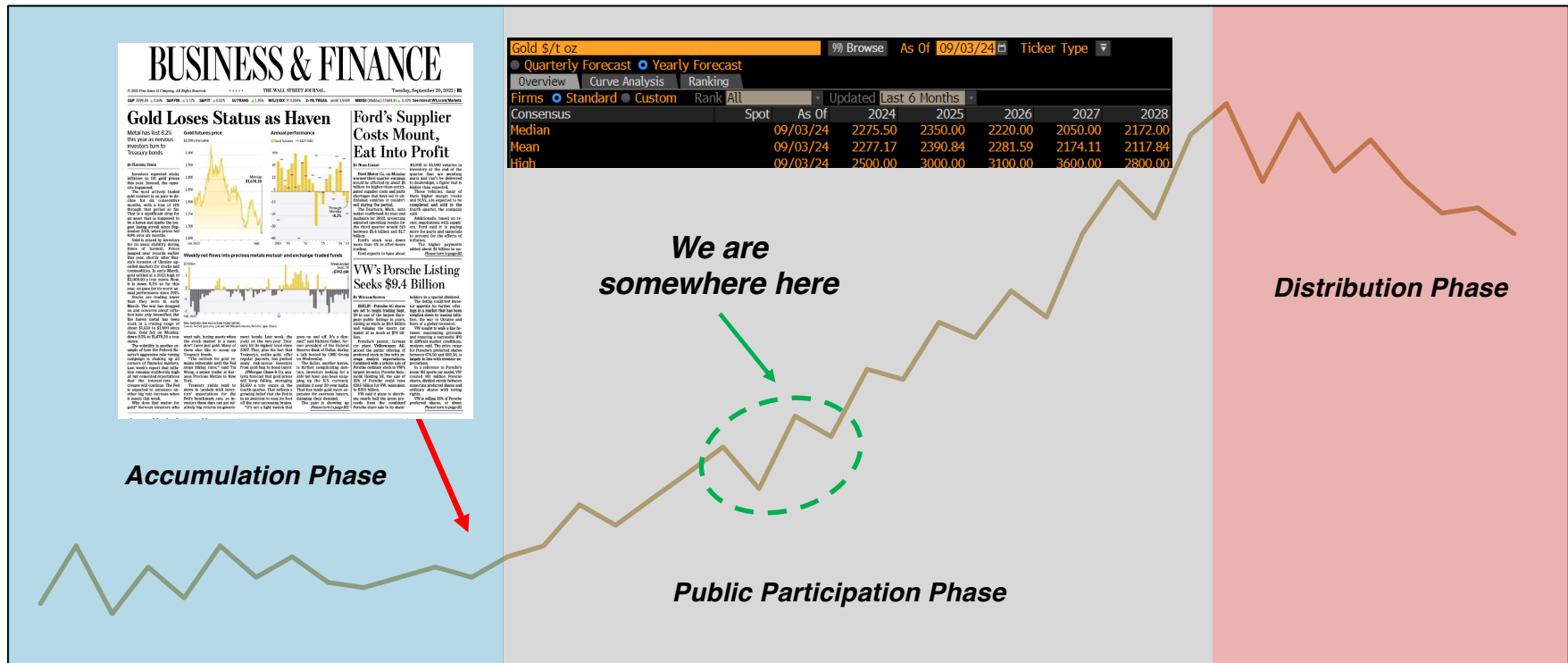
Annual Performance of Gold, 2000–2024 YTD

Year	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
2000	-5.3%	1.2%	2.0%	11.3%	-1.9%	-5.4%	5.8%	-4.2%	1.4%	0.6%
2001	2.4%	8.3%	5.3%	11.4%	8.8%	2.4%	18.0%	5.5%	5.8%	7.6%
2002	24.4%	5.6%	12.2%	13.3%	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%	-1.9%	-1.7%	1.5%	-2.0%	5.6%	0.8%	-3.1%	0.1%	0.5%
2005	18.1%	35.1%	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%	18.5%	29.2%	18.0%	12.0%	22.5%	22.5%	21.8%	16.9%	21.4%
2008	5.4%	10.0%	43.1%	30.5%	28.7%	-1.5%	-14.2%	-0.8%	30.0%	14.6%
2009	24.8%	21.8%	12.9%	-1.6%	7.9%	24.8%	27.9%	21.1%	19.2%	17.6%
2010	29.5%	38.6%	34.2%	13.6%	22.8%	25.1%	13.2%	16.8%	24.8%	24.3%
2011	10.2%	13.9%	10.6%	10.3%	12.7%	5.2%	4.5%	10.7%	30.7%	12.1%
2012	7.1%	5.0%	2.5%	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%	7.3%	7.5%	0.7%	11.6%	9.4%	0.2%	5.6%
2015	-10.4%	-0.1%	-5.3%	0.6%	6.8%	-6.2%	-9.9%	-9.7%	-5.9%	-4.5%
2016	8.5%	12.1%	29.6%	9.6%	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%	8.9%	6.8%	4.1%	-4.2%	-0.8%	7.3%	3.1%
2019	18.3%	21.0%	13.7%	18.8%	12.6%	19.7%	17.2%	16.6%	21.3%	17.7%
2020	25.0%	14.8%	21.3%	14.1%	22.6%	17.2%	18.8%	14.3%	28.0%	19.6%
2021	-3.6%	3.6%	-2.6%	2.2%	-4.3%	-6.1%	7.5%	-0.6%	-1.7%	-0.6%
2022	-0.2%	6.0%	11.6%	6.3%	7.0%	8.3%	13.7%	1.1%	10.8%	7.2%
2023	13.1%	9.7%	7.4%	13.1%	10.5%	16.3%	21.6%	2.9%	13.7%	12.0%
2024 YTD	31.2%	34.1%	28.7%	33.8%	37.3%	32.0%	42.3%	36.1%	33.0%	34.3%
CAGR	9.4%	9.1%	10.4%	9.3%	9.3%	8.8%	11.2%	6.8%	12.4%	9.6%

Source: Reuters Eikon (as of 11/07/2024), Incrementum AG

Where We Think We Are in the Bull Market

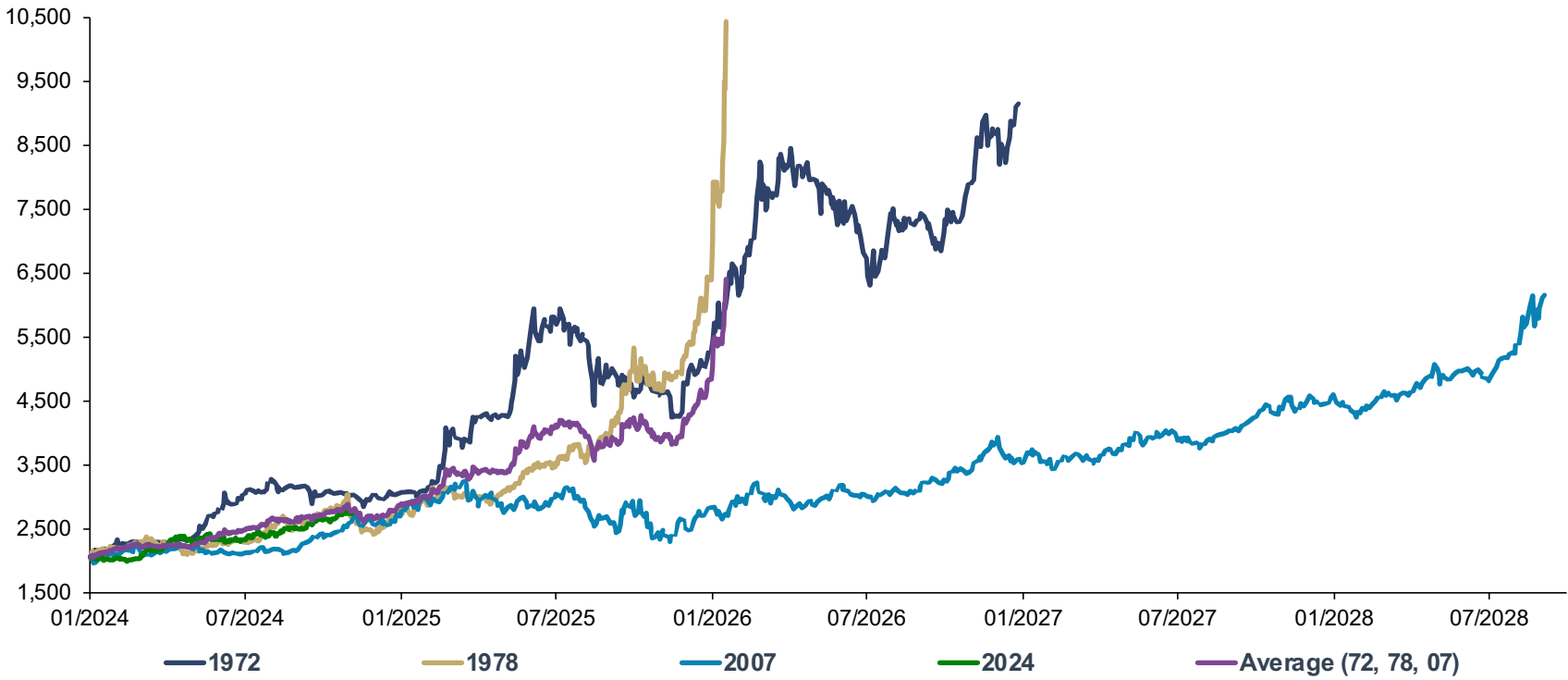
Dow Theory



Source: Reuters Eikon, Incrementum AG

Gold All-Time High Breakout Analog

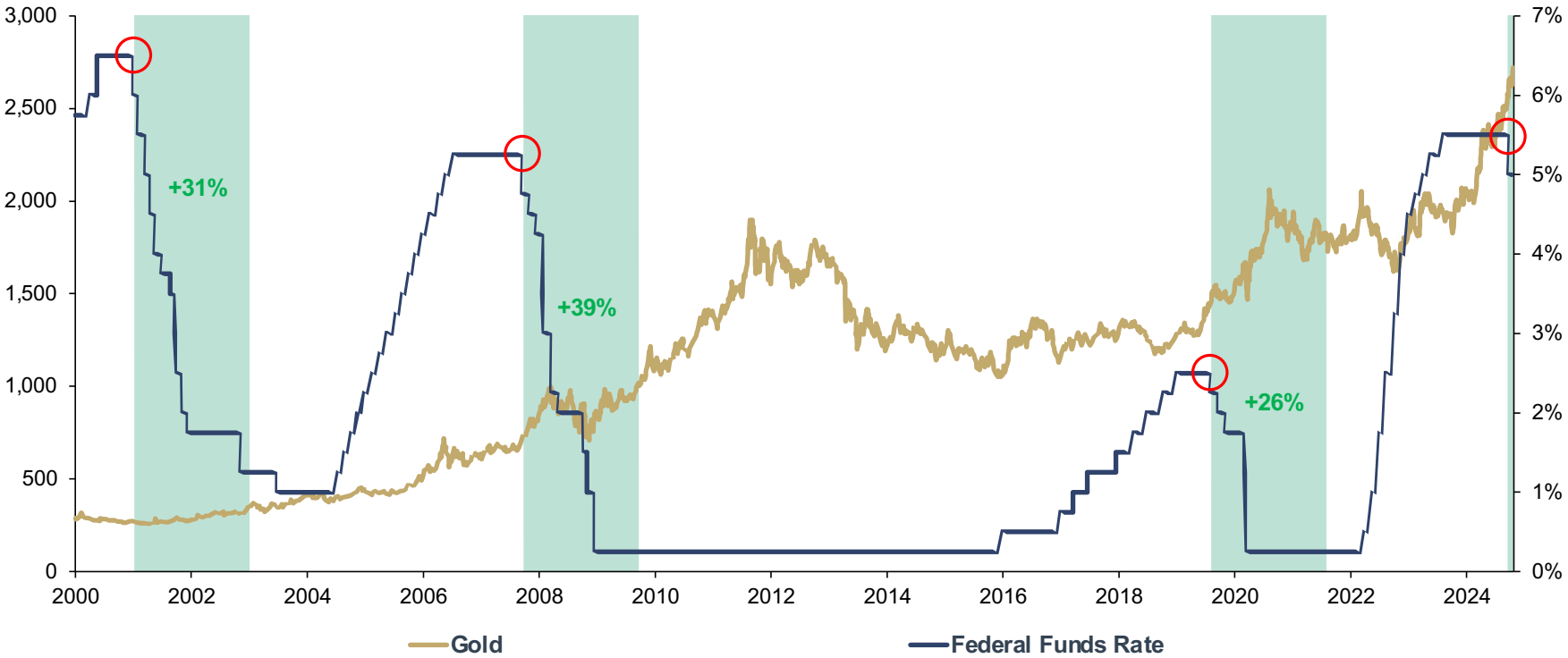
Historical Gold Breakouts (Start Price = 1/1/2024), in USD, 01/2024–09/2028



Source: TheDailyGold, Reuters Eikon, Incrementum AG

How Does Gold Perform After the First Rate Cut?

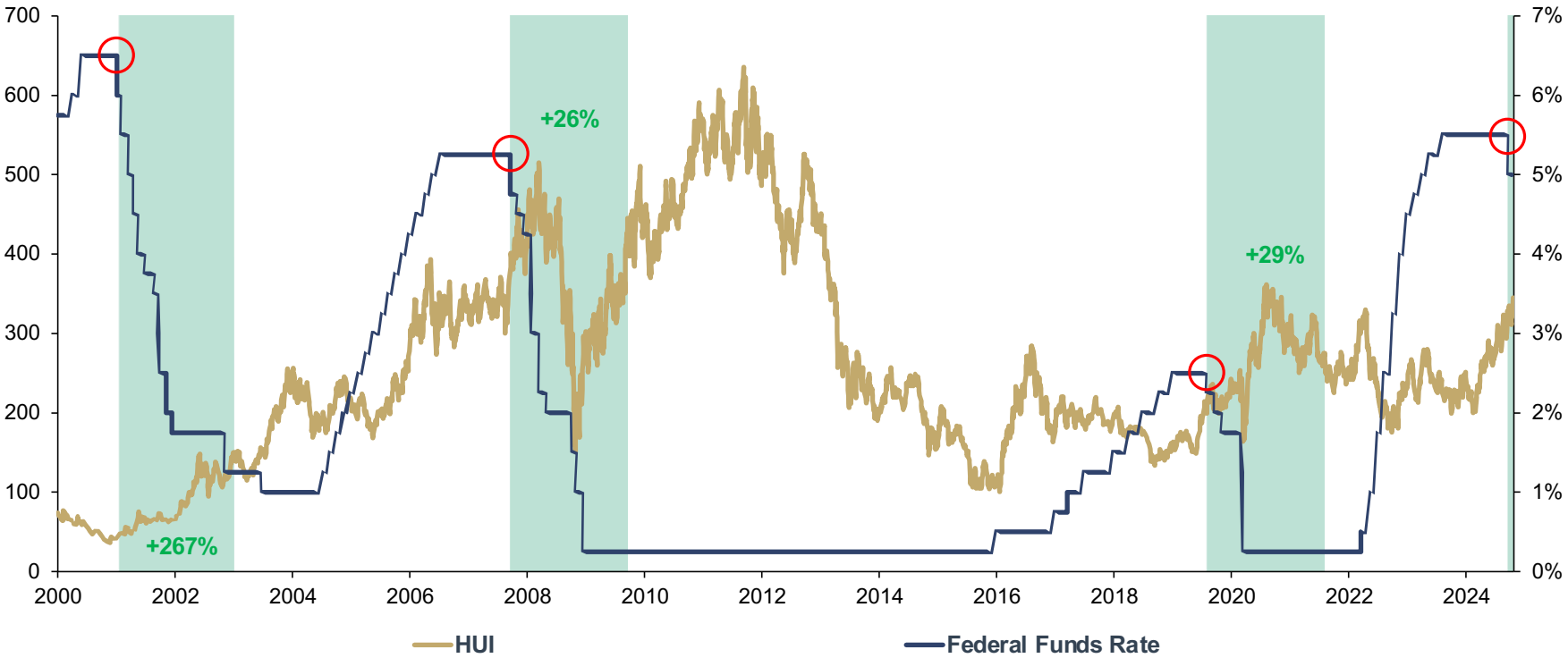
Gold, in USD (lhs), and Federal Funds Rate (rhs), 01/2000–10/2024



Source: Reuters Eikon, Incrementum AG

How Do Gold Mining Stocks Perform After the First Rate Cut?

HUI, in USD (lhs), and Federal Funds Rate (rhs), 01/2000–10/2024



Source: Reuters Eikon, Incrementum AG

Is Gold Already Too Expensive?

Comparison of Various Macro and Market Key Figures at Gold ATH in 1980, 2011 and 2024

Source: treasury.gov, Federal Reserve St. Louis, Reuters Eikon (figures as of 11/07/2024), Incrementum AG

How to Predict the Price of Gold Over a Longer Time Horizon?

Deep Dive to Our *Golden Decade Gold Price Model* from 2020

Background + Input Factors + Goal

The valuation of gold is fundamentally different from the valuation of cash flow-generating assets.



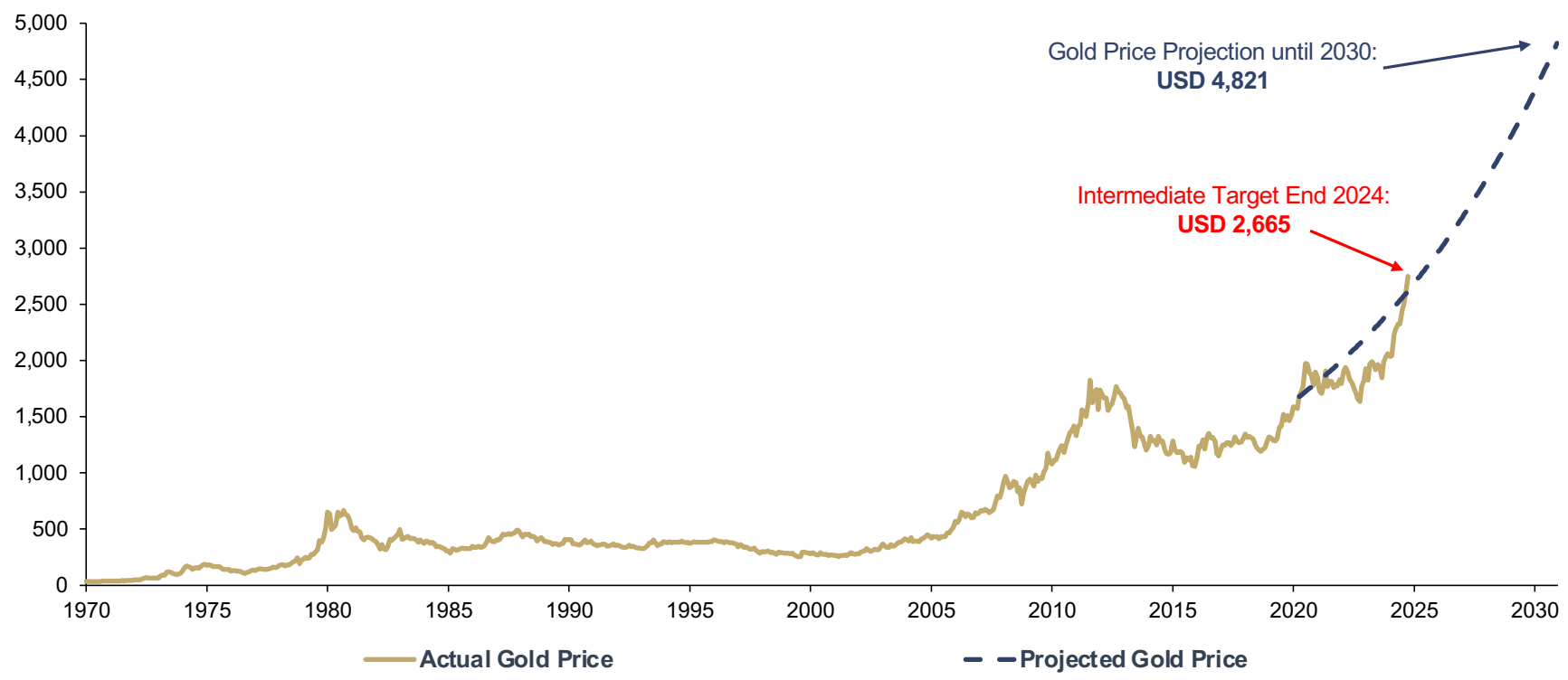
We use two parameters to calculate a price target for gold until the end of this decade:

- 1. M2 Money Supply**
- 2. Implicit Gold Coverage Ratio**

Source: Incrementum AG (For a detailed presentation of our proprietary gold price model, see [*In Gold We Trust* Report 2020, p. 348](#)).

9.4% p.a. Necessary For Postulated Gold Price Forecast! By Comparison, In The 2000s It Was Over 14% p.a., In The 1970s Over 27% p.a.

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



Source: Reuters Eikon, Incrementum AG (For a detailed presentation of our proprietary gold price model, see [In Gold We Trust Report 2020, p. 348](#))

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Conclusion

- Gold has decoupled from its inverse correlation with US real yields and ETF flows.
- Central banks and emerging markets investors are now in the driver's seat, while Western financial investors are still on the sidelines.
- The traditional 60/40 portfolio is obsolete. Inflation is not dead!
- The US dollar might soon enter a secular bear market.
- Active Management is Crucial When Investing in Mining Stocks.
- Stealth Bull Market in Gold. Short-term correction likely. Buy the dips!
- Our long-term gold price target for 2030 is USD 4,821.



**Thank You For
Your Attention!**

Addendum

Because we care...

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

Incrementum AG

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Fundmanager:
Hans G. Schiefen

Assetclass:
Multi Asset

INCREMENTUM DIGITAL & PHYSICAL GOLD FUND

Fundmanager:
Mark J. Valek

Assetclass:
Gold, Bitcoin

INCREMENTUM CRYPTO GOLD FUND

Fundmanager:
Mark J. Valek

Assetclass:
Gold, Silver, Crypto

URANIUM RESOURCES FUND

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Dr. Christian Schärer

Assetclass:
Uranium Equities

INCREMENTUM INFLATION DIVERSIFIER FUND

Fundmanager:
Ronald P. Stöferle

Assetclass:
Multi Asset

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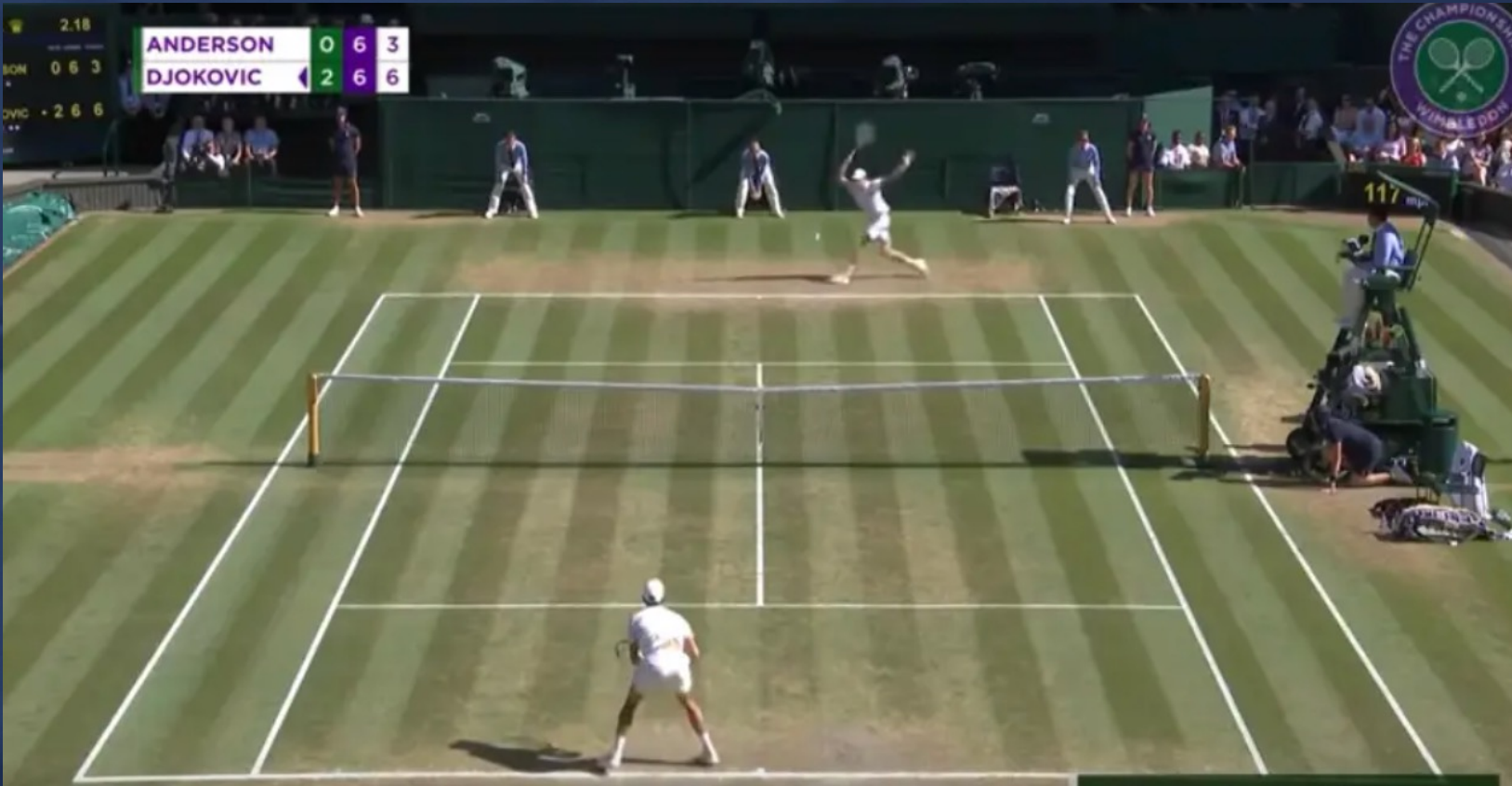
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The New Tennis Playbook

Adaptation in Sports



Olivetti, Kodak, Nokia

Adaptation in Business Essential



Failure to Adapt

