Minutes of the Advisory Board Meeting
Incrementum Inflation Diversifier Fund
July 5, 2017

THE DOLLAR AND THE OIL MARKET MAY BE ABOUT TO CHANGE FOREVER

Highlights of the conversation:

Luke Gromen:

- The dollar is losing its monopoly on the pricing of oil
- China is effectively "re-opening" the Bretton Woods gold window through the yuan
- This has already begun driving physical gold market flows from west to east, and we expect that to continue given gold's historic undervaluation v. the US dollar
- Certain US state pension funds running into trouble despite an "everything bubble" are a sign of broader and worsening US fiscal problems, which could have important implications for the US economic and political situation as soon as 2H17E.
- I believe the dollar will weaken, and the yuan will strengthen
- The market-wide Schadenfreude towards gold holders, is now shifting

Heinz Blasnik:

- The US narrow adjusted money supply growth is at pre-2007/08 crash levels
- The market situation today is similar to what we usually see in the final stages of a bubble
- Any market crisis will be short lived because the Fed will step in immediately

- When equities and bonds start going down together, many of the systematic trading strategies are going to be in trouble
- The geo-political situation between Qatar and Saudi Arabia is heating up. Saudi Arabia would be capable of conquering Qatar and would probably like to do it. Historically, "ownership" of Qatar has frequently changed hands and territorial conquest has a long tradition in the region.
- I believe the technical picture for gold looks good, and that the recent downturn is a buying opportunity

Ronald Stöferle:

- Markets are becoming more fragile
- The Fed will have to reverse as soon as recession fears come up and that's the point when gold really starts to take off
- We have been spot on with in our 11th In Gold we Trust report, as we expected short-term weakness in the gold price. This will be an excellent buying opportunity

Mark Valek:

- I am closely watching the yuan versus the dollar and how the FX reserves are developing
- The dollar usually strengthens during risk-off periods, but I expect this knee-jerk reaction of a stronger dollar during market sell-offs to change

Biography of Our Special Guest Luke Gromen

Luke Gromen began his career in the mid-1990s in the Research Department at Midwest Research before moving over to institutional equity sales and becoming a partner. While in sales, Luke was a founding editor of Midwest's widely-read weekly summary ("Heard in the Midwest").

In 2006, Luke became a founding partner of Cleveland Research Company. At CRC, Luke edited CRC's flagship weekly research summary piece ("Straight from the Source").

In 2014, Luke left Cleveland Research to found FFTT, LLC ("Forest for the Trees"), a macro/thematic research firm catering to institutions and high net worth individuals.

Their vision for FFTT was to create a firm that would address the opportunity they saw created by applying what customers and former colleagues consistently described as their "unique ability to put the big picture pieces together" during a time when they saw an increasing "silo-ing" of perspectives occurring on Wall Street and in corporate America.

Transcript of the conversation:

Ronald Stöferle:

Gentlemen, welcome to this quarter's advisory board call. It's a great pleasure having Luke Gromen with us. He's the founder and author of Forest For The Trees. I think Luke is one of the most interesting writers out there, and he was recommended to us by our mutual friend Grant Williams. It's a great pleasure for us to have Luke on the call, welcome Luke!

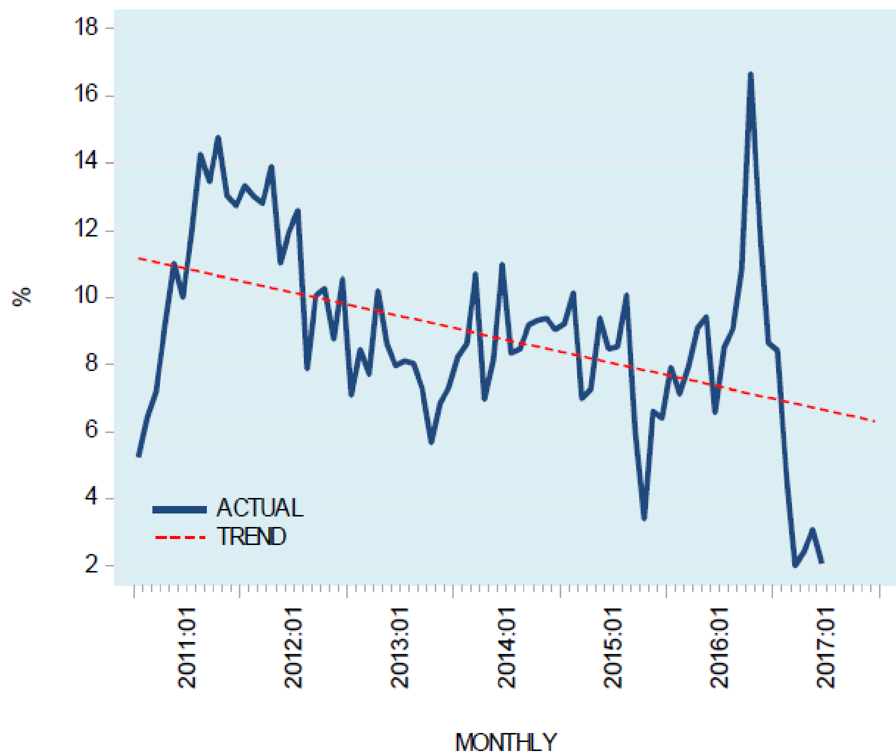
Firstly, I'd like to quickly update you on what's happening on our side. We just published the 11th edition of In Gold We Trust. With more than 160 pages, it's quite a brick again. We wrote about gold, inflation dynamics, chances of a recession, de-dollarization, the technical view on gold, mining stocks, cash bans etc. **We are very proud to include an exclusive interview with Dr. Judy Shelton, an economic advisor to Donald Trump** who is a sound money advocate. Moreover, we launched a new webpage completely dedicated to the report. It can be found on ingoldwetrust.report. And we also re-launched our website Incrementum.li, with a new corporate identity, many fantastic functions, information about our funds, a journal etc.

In terms of the markets, we are seeing some disinflationary pressure. This very nicely confirms our inflation signal, which switched to disinflation last November when everybody was talking about inflation and reflation. And we have also seen some brutal developments in bond markets, and correlations changed; we had days of crashing bond prices and weak equity markets. It seems that markets are becoming more fragile. **Gents, what is your take on the most recent developments in the markets?**

Heinz Blasnik:

Last time we had the advisory board call we already talked about the decline in money supply growth. And it has deteriorated further since then. We are at new lows for the move in US money supply and credit growth. The only major currency area that still has sizeable growth in its true money supply is the Euro area. In other currency areas - including Japan - money supply growth has come down considerably - even turning outright negative in some emerging markets

YoY % Change of US Austrian Money Supply vs. Trend

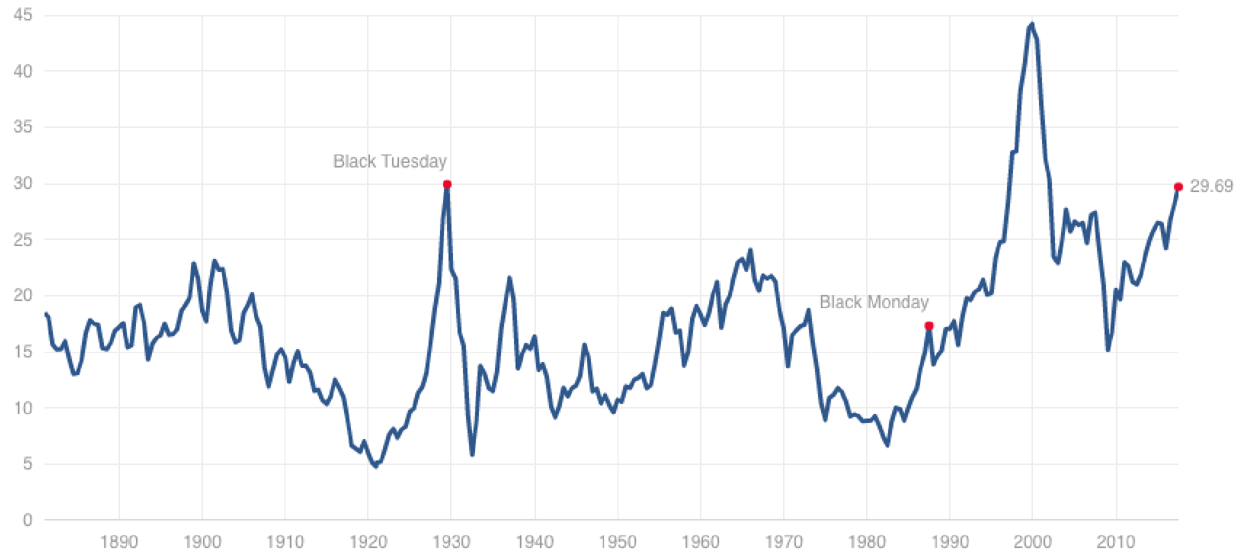


Source: AAS Economics, Dr. Frank Shostak

In the US the narrow adjusted money supply that Frank Shostak calculates is currently at 1.5%, which is at the same level it was before the 2007 - 2009 crash. There is no QE anymore and bank lending is slowing dramatically. About 2-3 weeks ago the NASDAQ had a very nasty day on a Friday. And that happened right after putting in a new intraday high. If we look at the weekly chart for that week, we can that down day was so large that it actually produced a weekly reversal. And before that week we had daily, weekly and monthly exhaustion signals, which doesn't happen often. Since then we have seen small rebounds and recently the NASDAQ tends to be weak at the close of trading. That is quite an ominous technical backdrop and a warning sign.

What we are seeing is similar to what we usually see in the final stages of a bubble. And we are currently hearing a lot of bubble talk in the media. But at the same time we also see that people who previously made bearish comments have capitulated, and have turned bullish. Retail inflows into equity mutual funds reached a new high in early 2017, margin debt is at a record high, speculators have large net long futures positions and the Shiller PE ratio is the second highest on record. So sentiment and valuation indicators are very stretched, If you look at the last 2-3 years the indicators have been stretched for a long time so, which is also typical for the late stages of asset bubbles, but makes precise timing tricky as well

Shiller-PE



Source: http://yuan.multpl.com/shiller-pe/

But this time the differentiating factor is that the money supply is declining at the same time as the indicators become ever more stretched. This situation is similar to what happened prior to previous market peaks; the market continues to do well, but the monetary backdrop is weakening. And while we can't tell with precision when it will happen, the current situation suggests a high probabiility that we will have another crash. I don't think it will be like 2008 when it took a while from the time the market started turning down until it actually crashed. I believe that this time we will experience a very sharp correction that will happen more quickly and come as a surprise. A dangerous development in this context is the large increase in quantitative/ systematic investing strategies and the proliferation of ETFs. Many ETFs are holding investments that are not particularly liquid - particularly corporate bond ETFs - which is likely to pose a big problem in the next downturn.

Ronald Stöferle:

Luke, what are your thoughts?

Luke Gromen:

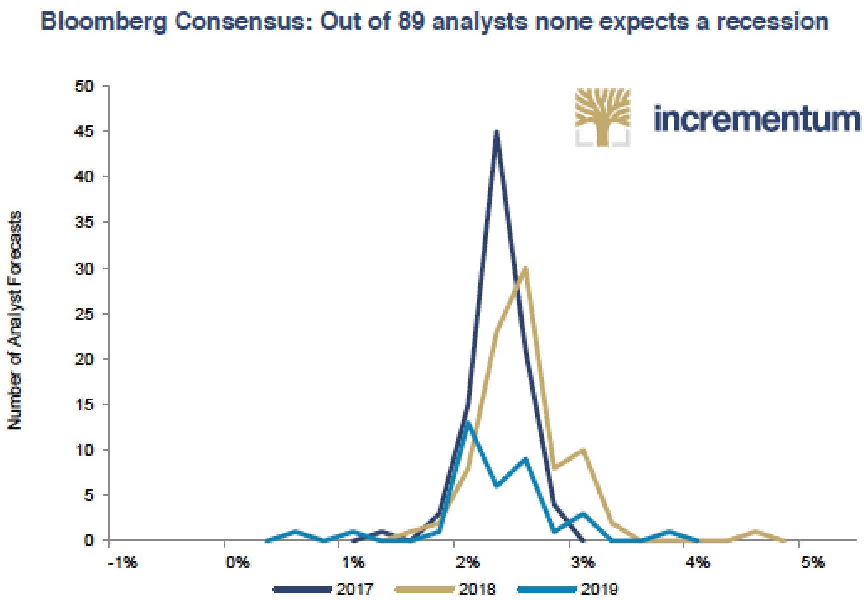
It's interesting to hear Heinz's thoughts because we have written about something similar to this, just from a slightly different angle, multiple times this year. The consensus has been that the dollar would continue strengthening, that inflation would finally take off and that growth would resume, but coming into 2017 we were saying that the US economy was in much worse shape than the consensus believed. And in the first half of the year we have seen the disinflationary impulse grow and the dollar weakening. We continue to be bearish on the fundamental side of the economy, but what we wrestle with is how that translates into both the political situation and US risk assets. **Pension fund problems have started to come to the forefront with Illinois potentially being downgraded to junk, Connecticut has had funding problems, New Jersey and Maine have also begun seeing fiscal strains.**

If we were to have a sell-off in risk assets, the funding situation for these states would get much worse. Furthermore, from a broader perspective, we have done research on what percentage of consumption is driven by capital gains (and therefore in large part by stock prices), and the number is high. In the US 60%-65% of GDP is driven by consumer spending, and a lot of that spending is driven by capital gains in the stock market. The US therefore finds itself in a precarious situation where economic fundamentals appear to be worsening, which is happening in conjunction with a worsening fiscal crisis (of which Illinois, Conneticut, New Jersey and Maine are important symptoms.) If we get any type of US recession or crash in the stock market there will be fiscal and political problems in the US very rapidly. And so we believe the Fed will very rapidly introduce monetary measures if we do have a crash because they understand how precarious the situation currently is, both from a fiscal and political side.

Ronald Stöferle:

In our last gold report we talked quite a bit about the chances of a US recession and we said that a recession would probably be the point where gold picks up momentum because the Fed will have to reverse immediately. They will have to reverse the rate hikes and do another round of QE, and $85 billion per month will not be enough this time around. One of the most outstanding charts in the report was one that looked at analysts' expectations of GDP. Out of 89 economists surveyed by Bloomberg not a single one expected a GDP contraction within three years. We actually had to double check that number because we found it unbelievable. **Nobody is expecting a recession. Nobody!**

Bloomberg analyst consensus chart



Source: Bloomberg, Incrementum AG

In our In Gold we Trust report, we outlined many signs of an approaching recession: rising interest rates, artificial asset price inflation, lower tax revenues, as well as slowing consumer debt and slower credit expansion.

Luke, let's talk about something you know a lot about: the long awaited oil contract in Chinese yuan (RMB) just began testing for an expected late-July launch. And you said there is no other development in capital markets that is as important as this. Once it goes live it significantly increases China's ability to control the value of the dollar through oil and gold markets, through simple arbitrage. We have also seen other developments, i.e. the Qatar crisis. I think it's no coincidence that Qatar holds the largest US military base in the Middle East, and it's no coincidence that the first international trip for Donald Trump was to Saudi Arabia to sign a big defense deal. And Jim Rickards expects a war with North Korea in 2017 or 2018, at the latest.

What are your thoughts with regards to these topics?

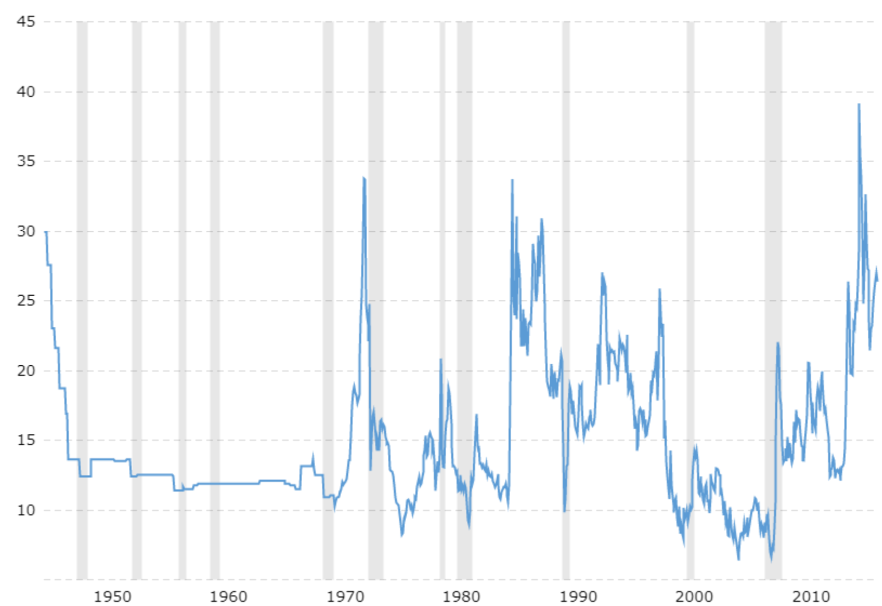
Luke Gromen:

I think there are two major changes that started accelerating in the third quarter of 2014. For the first time in 70 years US Federal deficits are beginning to matter to the US. In 2004 US Vice President Dick Cheney reportedly said "Reagan proved deficits don't matter". Importantly, Cheney was right as long as the world continued to sterilize dollar outflows by stockpiling FX reserves, which were primarily dollar denominated. But beginning in Q3 2014 global FX reserves peaked and began falling for the first time, and at the fastest pace, in 70 years. It's something that nobody trading today has seen in their career.

The second big change is that the dollar started to lose its 44 year old monopoly in the pricing of oil as China and Russia signed the "holy grail gas deal", and it was later revealed that some of those transactions would take place in yuan and not dollars. And we have seen more of this de-dollarization accelerate globally since. We believe that China is trying to gain the ability to print yuan for oil and become only the second nation in the world that can print domestic currency for oil (the US currently being the only one that can do that). Our opinion is that nobody trusts the yuan, but if China offered credible gold settlements to its energy partners, then China's energy exporting partners would increasingly be willing to settle oil in yuan.

We have referred to these developments as China re-opening up the Bretton Woods gold window through yuan. This has a huge impact on markets, geo-politics and gold, because once there is a functioning oil contract in yuan and a functioning gold contract in yuan, you can't have two different gold/oil ratios (one in dollars and one in yuan) because it would be arbitraged away. We have seen the impact on the gold/oil ratio already. In Q3 2014 the gold/oil ratio was about 13 barrels of oil per ounce of gold and it has been re-rated higher and has not gone below 20 since then. **This is a significant change from the past 40 years when the ratio rarely went above 20 barrels per ounce, typically only going above 20 barrels per ounce when there was either a crisis (economic or geopolitical) or a devaluation of the USD (Plaza Accord in the mid-1980s.)**

Gold/Oil ratio since 1950

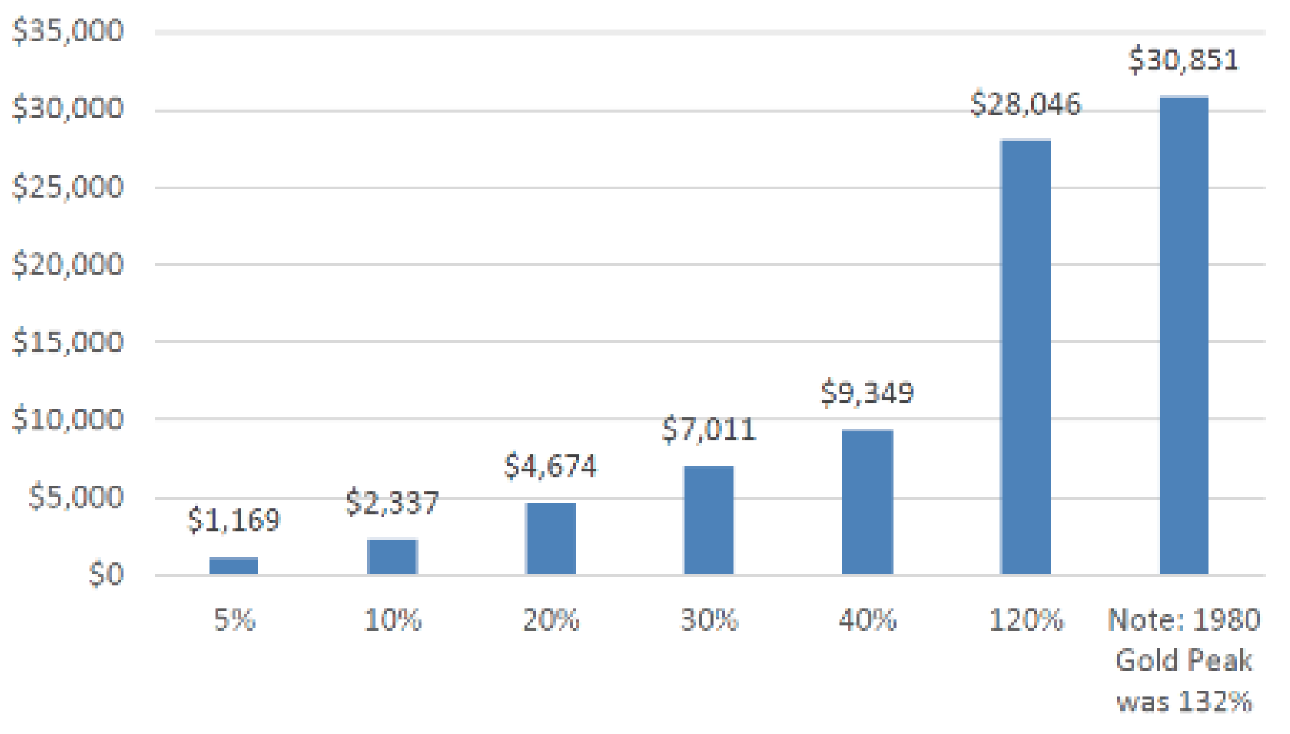


Source: Macrotrends.net

We look at the implied gold backing of US foreign held treasuries, which is the market value of US official gold as a percentage of foreign held US treasuries. From the late 1960s to about 1990, the ratio of US official gold to foreign held treasury bonds was never below 20%, and during the peak of the dollar crisis in 1979/80 the ratio went to 132%. **That means that at the peak of the gold price in 1980, every US foreign creditor that was holding US treasuries could theoretically have gotten gold for his or her bonds, and the US would still have had 32% of its gold left over. The US' foreign-held UST's were essentially 132% gold backed in 1980. Fast-forward to today and that ratio is around 4%.**

Tying this back to the gold/oil ratio, we don't think China has plans to trade yuan/gold or yuan/oil at a different ratio, but we think the massive overvaluation of the dollar and undervaluation of gold (4% today v. 132% in 1980) is understood, which will ultimately lead to a run on physical gold, and certainly physical gold flows from west to east over the past 4 years have increasingly hinted at this dynamic.

Price of Gold needed for US official gold to effectively back foreign-held UST's by percentages Along the Bottom Axis



Source: Fed, US Treasury, FFTT

Ronald Stöferle:

Many thanks, Luke. Heinz, what geopolitical events do you see unfolding at the moment?

Heinz Blasnik:

I completely agree that China wants to pay for oil and other imports in yuan if possible. They are doing everything they can to make the yuan into an international trade currency. It makes sense to me that they want to promote the acceptance of the yuan by opening their futures markets in gold and oil in such a way that yuan denominated gold futures can be exchanged for gold.

A geopolitical situation I am closely watching is Qatar. It's a very small country, but they are sitting on the largest, or second largest, gas reserves in the world. And in Saudi Arabia the current king has demoted his brother from his position as crown prince. And for the first time ever the son of the king has become crown prince. The new crown prince has a very hawkish stance with respect to Iran; he wants to establish Saudi Arabia as the pre-eminent power in the region and I believe that the bombing of Yemen was the new crown prince's idea.

I bring this up because if we look at the history of the region, Saudi Arabia came together by way of conquest. And Qatar was once under Ottoman rule, which is why they have a Turkish base there. Before that time, Qatarwas under Persian rule for a while, followed by a period of independence under the forebears of the current ruling family, and then under Ottoman rule - which they accepted voluntarily. They kept their close ties to Turkey as an insurance policy, because they were probably afraid they might be taken over by another country in the region. **Qatar is such a small country that Saudi Arabia could conquer it in a very short time - between breakfast and lunch basically**

Qatar and its neighboring countries

Source: Metro.co.uk

But there is also a large US base in Qatar, which probably prevents Saudi Arabia from taking any action at the moment. But my point is that the Saudis would probably not hesitate to grab Qatar for themselves if they could. But Turkey still has an interest in Qatar and has no intention of pulling out of the country. On the contrary, they have sent more soldiers to their military base there. I don't think anything will happen in Qatar just yet, but I definitely think it's a situation we need to keep an eye on because it could erupt in the future.

Another interesting geopolitical development I see is Trump's foreign policy. He bombed Syria and the impression I got was that he did it for show. The attack sure didn't do much damage, and the US gave advance warning to the Russians, who in turn almost certainly warned their Syrian allies. It is hard to figure out what the US really wants to do in Syria. My guess is the plan is to carve out a bit of territory for the Kurds, because they are reliable partners of the US. If it were possible to carve out a piece of land for the Kurds in Northern Syria, where ISIS is now predominating, Syria would be almost completely surrounded by US allies considered dependable. And the thinking behind this is probably that if Assad manages to stay in power, he will be unable to do any mischief.

Luke Gromen:

The current story here in the West about Qatar is that they paid ransom money to Iranian backed terrorists, which has led to a crisis. But we have actually Google translated Chinese news stories on the topic, and their view is completely different than **the mainstream narrative being discussed** here in the West. **They say that China is very close to reaching a deal to settle oil transaction in yuan and sign a free trade agreement with the whole Gulf Cooperation Council (GCC).** And they say it would be a very positive development for the yuan, and a very negative development for the dollar. And Chinese media is saying that Washington is trying to use this crisis in Qatar to disrupt the GCC free trade agreement and oil being settled in yuan. Furthermore, Chinese media has been saying that they are also close to reaching a deal about settling oil transactions with Saudi Arabia in yuan.

We are finding these differences in how the West and China report the news stories fascinating. I don't know which side is correct, but my guess is that the truth lies somewhere in between.

Heinz Blasnik:

I agree one hundred percent; you have to get both sides of the story. I was not aware of the Chinese version of the story, but it explains a lot. It explains why we have seen so many u-turns. Before Trump's election the relationship between the US and Saudi Arabia was cooling down, but now it's the exact opposite. Trump went to Saudi Arabia, he attended a sword dance, and now they signed a $110 billion arms deal; so I definitely think there is more going on behind the scenes .

Donald Trump attending Saudi sword dance

Source: Standard.co.uk

Luke Gromen:

It's strange because oil is $45 dollars, but Saudi Arabia is spending money as if they've won the lottery. Where are they getting the money from? In our opinion, it's one of the biggest macro mysteries right now, and if we want to put on the tin foil hat we can theorize that the $110 billion arms deal that the US offered Saudi might be a down payment for not participating in certain contracts and delaying the Chinese. I have no idea if this is the case, but it would make sense of why Saudi is spending such a large sum on US defense equipment at a time when most Western economists suggest that the country is rapidly moving towards financial distress given low oil prices, ongoing war spending, and increasing domestic social spending.

Mark Valek:

At this juncture, I think we should segue into the developments in the yuan versus the dollar, and how the FX reserves are being affected. This year we have seen strengthening of the yuan and I wonder what will happen going forward.

CNY/USD: strengthening since the beginning of the year

Source: Investing.com

Luke Gromen:

Since Trump was elected president there have been two noticeable changes vis-à-vis China and reserves: firstly, China stopped selling FX reserves and they actually modestly added to them, and secondly China has stopped adding to their official gold position. Additionally, in recent months we have noticed that the US has started exporting enormous amounts of oil to China. They went from exporting 30,000 to 40,000 barrels per day, to exporting 300,000 to 400,000.

Moreover, US gold exports to China and Hong Kong have also exploded higher, up something like 50%-60%. If I simply observe things as they are, in my view it looks like the treasury bonds that China has recently begun buying again are effectively being collateralized with oil and gold. This is an interesting development because over the last four decades, an oversimplified version of the way the world's monetary system worked was that the world sent the US stuff, and the US sent back treasury bonds and dollars as payment. But now, China is sending us stuff, and we are sending back some treasuries, but we are also sending China US oil and US gold, which appears to be a very different arrangement.

Ultimately, I believe this development means that the yuan may continue to move higher against the dollar going forward. In addition, politically in the US, there's a growing pressure to weaken the dollar; it's a contentious subject, but it is being talked about.

Ronald Stöferle:

Luke, you have mentioned the economists' petition aimed at Yellen to increase the inflation targets, which hasn't been mentioned very often in the media. I think this fits in with your views that Donald Trump wants and needs a weaker dollar. And with the disinflationary developments that are currently taking place I believe the Fed will have a hard time continuing to raise rates, and I believe they will have to make a u-turn. I would appreciate if you could talk about this economist petition, and then give us your market outlook for the second half of 2017 and some of your best trade ideas.

Luke Gromen:

Sure. A few weeks ago, there was a letter sent to Janet Yellen that was signed by around 20 senior level neo-liberal academic economists, many of which had served in the prior administration or in past administrations. All of these economists effectively said that we are not achieving our inflation targets and not only do we need to focus on achieving it; we should also increase the target. This went underreported in the media.

Moreover, Trump is talking about exporting oil all over the world, but with the dollar where it is, **US shale resources are one of the world's highest marginal cost sources of oil.** And recently two former IMF officials released a book, which was featured prominently in the Wall Street Journal, and they explicitly said that the dollar is too strong and that it needs to be devalued. So we are seeing tension between the strong dollar "mechanics" **numerous analysts and economists are talking about (heavily driven by Eurodollar market USD shortages and US rate differentials) and the internal US political pressure to weaken the dollar.**

With that in mind I think that as we get into the back half of 2017 we may see Washington caring more about tax revenues because they are currently more or less flat y/y. In the last 35 years the Fed has never tightened rates in conjunction with a collapse in the y/y growth of tax receipts, however that's what they have been doing over the last 12 months. With that said, my outlook for the next 6-12 months is that the US economy will continue to slow and I believe there is a chance of a sell-off in markets.

But I believe any sell-off will be extremely short-lived because the Fed will be very quick to react, and very aggressive. As I mentioned earlier, tax revenues are stagnant, and there's a de-dollarization going on, i.e. foreign countries aren't buying as many treasuries as before. **So if we get a market sell off, the government will have to borrow a lot of money and the Fed may have to buy a lot of that debt for the US government to avoid a fiscal problem or Balance of Payments problem. In such a scenario I think gold outperforms.**

Federal government current tax receipts yoy growth

Source: St. Louis Fed

Mark Valek:

When do you think the US dollar will weaken, and when do you believe this knee-jerk reaction of a stronger dollar during market sell-offs will change? Would a change in this type of behavior confirm your view?

Luke Gromen:

During recent risk-off periods the dollar has not been acting well, i.e. there has not been a knee-jerk reaction where investors automatically buy the dollar. Historically, the dollar has appreciated during risk-off periods. **But in the last few weeks we have seen the dollar depreciate significantly on risk-off days.** That's the type of behavior you would expect to see if the dollar is falling out of favor, but it's too early to say if there has been a paradigm shift. It was mentioned earlier in the call that bonds and equities have been selling off at the same time in recent weeks, which is also something you might expect to see in such a paradigm shift. But this is also too early to tell, so we are watching the markets and seeing how they develop going forward.

Heinz Blasnik:

When equities and bonds start going down together, many systematic trading strategies are going to be in trouble. One of the largest trading strategies is risk parity and a premise of the strategy is that equities and bonds are negatively correlated because that's the correlation they have had for the past 20 years. If we look back to August 2015, the DJIA was down about 2,500 points in three days. And that was during a time when people were worried about Chinese foreign exchange outflows. And during that week both equities and treasury bonds were weak, so there was clearly some selling from these risk parity funds. And apparently they were very overleveraged at the time and they had a lot of selling to do and that drove up volatility measures , which then caused volatility targeting strategies to also sell, which in turn caused trend following strategies to sell, and it all snowballed very quickly. And I believe something like that could happen again.

And I believe the Fed will start to reverse its policy when things start to get dicey in the markets. **Jim Rickards has been saying for a while now that the only reason the Fed is raising rates is so that it can lower them again when the next crisis strikes.** And recently the Federal Reserve has begun to talk about shrinking its balance sheet, which I don’t believe for a second is ever going to happen. Economic history shows that it has never happened before to any significant extent. And while I do believe the Fed will be quick to react to market upheaval, we should not expect any action before then, because if we look at the economy it’s currently weak, but it is muddling through. We have not yet seen a downturn in private domestic investment, we have not yet seen an upturn in unemployment claims and we have not seen a decisive reversal in the yield curve from flattening to steepening, all of which are things that usually happen right before a recession begins. I think the current “muddling through” situation in the economy is a lagged effect of the strong money supply growth we saw prior to the election. And because of the lagged effect of the sharp decline in money suppy growth since then, I think we will get a pretty sizeable downturn in asset prices and economic activity. The Fed will likely immediately turn around and start easing again if that happens, but the effect of sich a policy u-turn would again be subject to a lag They are reactive, but they are not able to "control" the markets, or keep a downturn in asset prices from playing out.

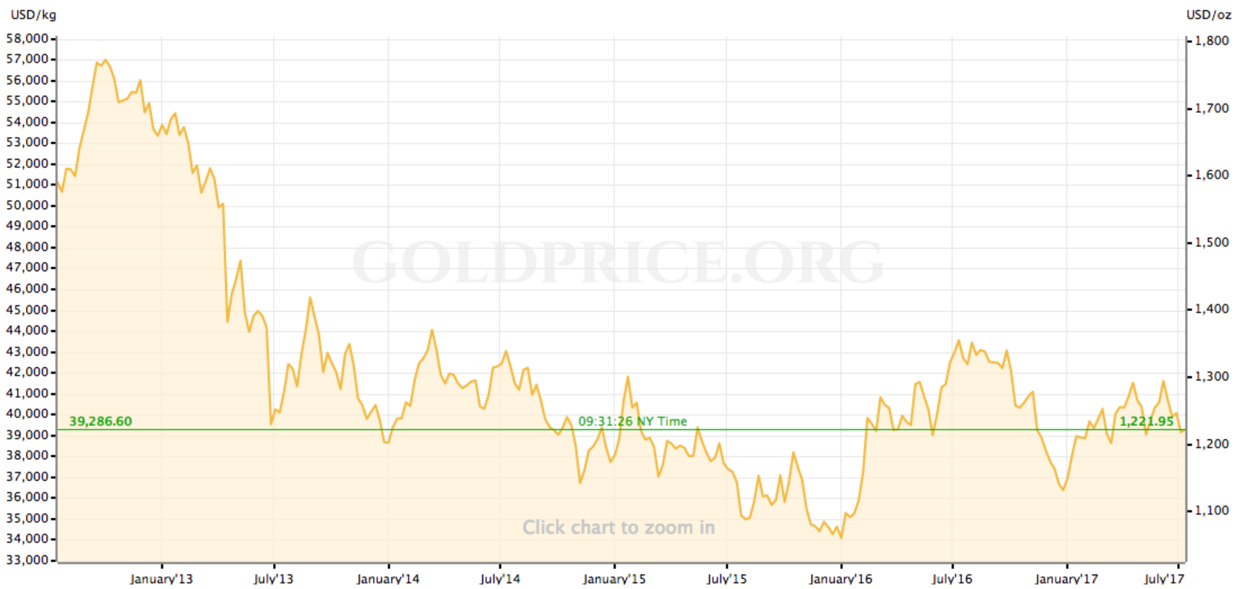
Ronald Stöferle:

What are your views on gold? From my point of view there is a significant amount of liquidation, which we can see from the commitment of traders report. It seems that sentiment became very negative over the last few days. The price is currently below the 200-day moving average and we wrote in the gold report that we are expecting some weakness, and that due to seasonal reasons it might be time to back up the truck. What are your short and medium term views on gold and the mining stocks?

Heinz Blasnik:

I'm quite positive, given the reasons you just mentioned. There is was a lot of liquidation in speculative posiions, and sentiment has gotten very bearish. Kitco.com has a main street survey and last week there were 67% bears, and I think the highest ever reading was 70%. So this is the second highest number of bears this survey has ever seen. The gold chart has been weak recently, but I believe we saw the major lows in 2015 and 2016, so the lowest points are behind us. Since those lows we had an initial run up that was very powerful, and then we had a corrective downturn and an interim low in December 2016, after which it started going up again. And since then it has started to come down a bit again, but I believe we are close to another low.

Gold price



Source: Goldprice.org

And one last thing is that Canadian gold insiders have been buying gold during the past 2-3 months. The last time they bought as many of their own stocks was in the second half of 2015, in the months before gold bottomed. From a technical perspective the medium term target level for gold should be around the $1530 or $1540 level, which is the former support level that broke down in 2013 just before it started falling dramatically.

Ronald Stöferle:

Luke, what are your thoughts?

Luke Gromen:

I tend to look at gold through this gold/oil lens, and we've seen an explosion in the gold/oil ratio over the past 3 years and in my opinion, we should see further expansion as this yuan oil contract nears. What we have also talked about is that this expansion has taken place almost entirely since Q3 2014 through oil declining and not through an expansion in the gold price. And if gold is moving back into the system to settle the yuan/gold trade then the gold/oil ratio has to expand **because the physical oil market is some 12x the size of the physical gold market in terms of annual production in USD terms, and that expansion can take place via rising gold or declining oil.** We have noticed lately that when gold is being dumped at 2-3pm New York time it is falling much less than before. Two to three years ago the price would fall $30-$50, but now it's falling much less, and it recovers through the day.

Moreover, as you are getting these gold dumps, as China and Russia have begun re-linking gold and oil through CNY, what happens when gold dives is that oil also sells off sharply. And so what used to be the reaction to gold price sell-offs, which I would call a market-wide Schadenfreude towards gold holders, is now shifting….now nobody is laughing when gold drops sharply because when gold drops sharply, oil follows shortly thereafter, and this then puts downward pressure on US inflation break evens, putting pressure on US policymakers and the domestic energy sector. I agree with Heinz's analysis and I increasingly believe that any move in gold can possibly be very large. It would not surprise me if gold suddenly gaps up explosively and shoots through the resistance of $1530-$1540. **In summary I'm very bullish on gold.**

Ronald Stöferle:

Gentlemen, I think we should end it there. I thank you very much for taking the time to participate in the call. Have a great day and a fantastic summer!

Appendix: Permanent Members of our Advisory Board:

Zac Bharucha

Zac began his career in finance at the investment bank Kleinwort Benson and later became an equity portfolio manager at Philipps and Drew Fund Management. He then moved to AMP Asset Management where he was responsible for managing more than GBP 1bn of institutional assets. Afterwards, he moved to M&G in London. Since 1998, he has developed absolute return strategies and specialized in equities and commodities. After 25 years in asset management, he retired from professional life in 2011 and wrote his first book about market timing.

Heinz Blasnik

Heinz is an independent trader and market analyst for the consulting firm Hedgefund Consultants Ltd, as well as a regular publisher for the Independent Research House Asianomics in Hong Kong. Heinz primarily is responsible for his blog yuan.acting-man.com, on which he analyses developments in the financial markets from an Austrian point of view.

James G. Rickards

Jim is the author of the international bestsellers *Currency Wars* and *The Death of Money: The coming collapse of the international monetary system*. He is portfolio manager at the West Shore Fund. During his career, Jim has held senior positions at Citibank, Long Term Capital Management and Caxton Associates.

Dr. Frank Shostak

Frank is chief economist at AAS Economics. He has over 35 years of experience as a market economist and central bank analyst. He holds a PhD, MA and BA honours from South African universities. He was professor of economics at the Witwatersrand University in Johannesburg. He is one of the world leaders in applied Austrian School of Economics and an adjunct scholar at the Mises Institute in the US.

Rahim Taghizadegan

Rahim is the founder and director of the institute for value based economics, an independent research institute in economical and philosophical issues in Vienna. He is bestselling author and a popular speaker internationally. Rahim studied Physics, Economics and Sociology in Vienna and Lausanne. He has worked in the fields of economics, space research and journalism. He has also taught at the University of Liechtenstein, the Vienna University of Economics and Business Administration and the Universität Halle an der Saale.

Ronald-Peter Stöferle, CMT

Ronni is 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 he published his first "In Gold We Trust" report in 2007. Over the years, the Gold Report became 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 (i.e. the Vienna Stock Exchange Academy). In 2014, he co-authored the book "Austrian School for Investors" and in 2017 "Die Nullzinsfalle" (The Zero Interest Rate Trap). Moreover, he is an advisor for Tudor Gold Corp. (TUD), a significant explorer in British Columbia's Golden Triangle.

Mark J. Valek, CAIA

Mark is 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 (i.e. the Vienna Stock Exchange Academy). In 2014, he co-authored the book "Austrian School for Investors" and in 2017 "Die Nullzinsfalle" (The Zero Interest Rate Trap).

About Incrementum AG

Incrementum AG is an independent investment and asset management company based in Liechtenstein. Independence and self-reliance are the cornerstones of our philosophy, which is why the four managing partners own 100% of the company. Prior to setting up Incrementum, we all worked in the investment and finance industry for years in places like Frankfurt, Madrid, Toronto, Geneva, Zurich, and Vienna.

We are very concerned about the economic developments in recent years especially with respect to the global rise in debt and extreme monetary measures taken by central banks. We are reluctant to believe that the basis of today's economy, i.e. the uncovered credit money system, is sustainable. This means that particularly when it comes to investments, acting parties should look beyond the horizon of the current monetary system. We want to re-think investment strategies and implement them in a way that is in line with today's requirements.

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