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In Gold we Trust: Ringler Research interviews...

# In Gold we Trust: Ringler Research interviews Ronald Stoeferle from Incrementum AG and Tudor Gold

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We are pleased to present an interview with Ronald-Peter Stöferle, Managing Partner and Fund Manager at Incrementum AG about the new publication 'In Gold we trust 2017' and his role at Tudor Corp. The interviewer, Carsten Ringler from Ringler Consulting and Research GmbH does not own shares of Tudor Gold. He was reimbursed for the preparation and distribution of this interview.

About Incrementum AG:

Incrementum AG is an independent investment and asset management company based in Liechtenstein. The investment philosophy is influenced by the 'Austrian School of Economics'. Incrementum AG publishes the well-known publication 'In Gold we Trust' annually. The publication was downloaded in 2016 more than 1.5 million times.

More information about Incrementum AG can be found at: [www.incrementum.li/en](http://www.incrementum.li/en)

The report can be downloaded here: <https://ingoldwetrust.report/en/>

**incrementum**About Ringler Research:

**Ringler Research** is a brand of Ringler Consulting and Research GmbH based in Germany. Our Research-Botique offers a wide range of consulting services for mining companies and institutional capital market participants. This includes the generation of bank-independent research reports, specialist articles and interviews, which are made available to hundreds of thousands of capital market participants through a variety of channels.

More information about Ringler Research can be found at: [www.mining-research.com](http://www.mining-research.com) (<http://www.mining-research.com/>)

About Tudor Gold Corp.:

**Tudor Gold** is a significant explorer in British Columbia's Golden Triangle, an area which hosts multiple past-producing mines and several large deposits that are approaching potential development. The Company has a

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60% interest in both the Electrum and Treaty Creek properties and acts as an 'Operator' in both projects. Tudor Gold owns in addition a 100% interest in the Mackie, Eskay North, Orion, Fairweather, Delta and the

High North properties, all of which are located in the Golden Triangle area. Walter Storm is the CEO of the company. Mr. Storm left his mark in Canada by startup financing *Osisko Mining*, a large gold mine operation near Quebec, through a German holding company (*Eurasia*) in which he held a majority ownership and acted as Chairman of the Supervisory Board. During Mr. Storm's tenure, *Eurasia* not only funded the startup of *Osisko Mining* in 2004, but also helped the company to become a world class gold mine reaching market capitalization of ca. CAD 4.50 Billion. After being considered one of the most successful gold producers in Canada, *Osisko* was finally sold in 2014.

Tudor Gold is listed at the TSX Venture Exchange (TUD) and at the Frankfurt stock exchange (Ticker: TUC).

More information about Tudor Gold can be found at: <http://www.tudor-gold.com> (<http://www.tudor-gold.com/>)



1)

**Carsten Ringler:**

Hello Ronni, welcome to our interview about your new publication 'In Gold we trust 2017', which was released today. Could you please tell our readers a little bit about your background and your actual position at Incrementum AG?

**Ronald-Peter Stöferle:**

Hello Carsten, thanks for having me. After graduation from university, I joined the Research department of Erste Group in Austria, analyzing equities and the oil and gas sector. As a private investor, I invested very early into Osisko Exploration, which turned out to become a 40 bagger for me. This got me interested in gold and the mining space and in 2007, I published my first "In Gold We Trust" report. After 6 years at Erste Group, in 2013 I became founding partner at Liechtenstein based Incrementum AG, which is an asset management company with several funds under management.

2)

**Carsten Ringler:**

Firstly, congratulation to your new publication. I have read, that the report was downloaded last year more than 1.5 million times. This report is a must read for everybody involved in the sector. What is the intention of your annually published publication?

**Ronald-Peter Stöferle:**

As you and many readers of our annual report knows, I am a strong believer and supporter of the 'Austrian School of Economics'. By educating people about the ephemeral character of our current monetary system, we try to influence society positively and in a sustainable way. Moreover, we want to provide a "holistic" assessment of the gold sector and its most important drivers, including real interest rates, opportunity costs, debt, central bank policy etc. And last but not least, reading the report should also be

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3)

**Carsten Ringle:**

You are known as a strong advocate of the 'Austrian School of Economics'. Could you tell us about the link between the 'Austrian School of Economics' and gold?

**Ronald-Peter Stöferle:**

Yes, I am actually also the co-author of a highly successful book on Austrian Investing (<https://www.incrementum.li/en/book-austrian-school-for-investors/>). The English translation now is in high demand in the U.S. It is an updated, improved and more detailed version of the German version.

In the current stage of our financial system, investors have a crucial advantage when they understand Austrian School of Economics. Austrians focus on the understanding of our monetary system and the consequences of debt and monetary policy as well as the interplay between inflation and deflation. In our research and investment process, we really try to understand the big picture. If you know and understand (monetary) history, you will quickly come to the conclusion that Gold has historically been the best hedge against excessive inflationary efforts. Gold was and remains an outstanding pillar as a store of value and medium of exchange. These qualities are likely to be rediscovered if, or rather when, paper currencies suffer a general loss of confidence.

In our new report, we also feature an exclusive interview with Dr. Judy Shelton, who is an economic advisor to Donald Trump. Mrs. Shelton is definitely a sound money advocate and she has got some very interesting thoughts and suggestions.

4)

**Carsten Ringle:**

Did you encounter any big surprises when you prepared the report together with your team?

**Ronald-Peter Stöferle:**

Well to give you a view about the work. Together with my team we are spending almost 10,000 hours researching and writing the report. It's always very tiring but still exciting to delve into this topic. I think the key findings can be found in the chapter about the De-Dollarization, Grey Swans, Mining-stocks as well as the technical analysis part.

But also the more theoretical parts about the limits of our debt based system and our view on upcoming populism are quite thought-provoking from my point of view.

It really seems that we live in an age of advanced monetary surrealism. In Q1 2017 alone, the biggest central banks created almost USD 1,000 bn worth of central bank money ex nihilo and bought financial securities with these funds. Just to give you an idea about the size of that amount: you could buy every human being one "Ducat" coin (1/10 ounce)

(<https://www.muenzeoesterreich.at/eng/Produkte/1-Ducat>) of gold with that money.

This is really monetary madness, but market participants are more complacent than ever.

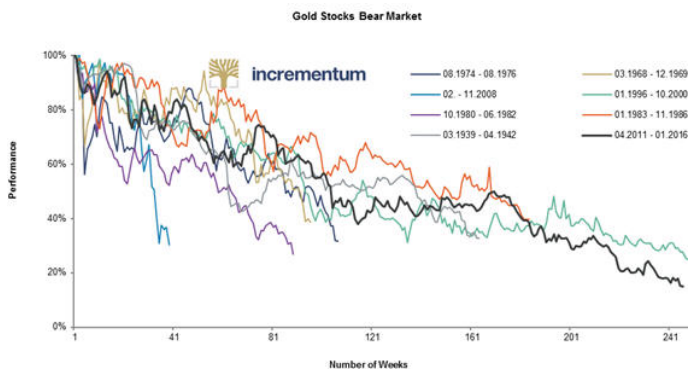
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It looks that the bull market correction of gold since the 2011 highs ended in December 2015.

What was the big performance driver in 2016 for gold and the companies involved in the sector?

**Ronald-Peter Stöferle:**

As we tend to say, the market is a “pain maximizer”. While the fundamentals of the mining sector stabilized in the 2014-2015 period already, early 2016 was the time of the final capitulation. At the time, precious metals mining stocks exhibited the worst 5 and 10 year rolling performance in 90 years. During the final slump, they fell to an all-time low relative to the S&P 500 Index, and their price to book ratios stood at the lowest level in 40 years. The chart below also makes clear that the preceding bear market was an historically unique event. I think due to the “creative destruction” in the sector, the majority of gold miners now rests on a more solid fundamental basis. Efforts to improve operations have left producers leaner, they have reduced their debt burdens and ensured that they will benefit to a greater extent from a rally in gold prices. I think that we have already seen a little preview of the sector’s asymmetric return potential in the first half of last year, when gold stocks rallied by 180% while gold only generated a gain of 28%.



Source: Incrementum AG, TheDailyGold.com, BGMI

6)

**Carsten Ringler:**

You wrote one chapter in your gold report about the valuation of precious metals stocks and mining stocks in general to other asset classes. What was your main realization in that context?

**Ronald-Peter Stöferle:**

Well I think most companies did a great job in the course of the bear market. They managed to reduce their operational cash cost and were able to stabilize cash flows. In fact, last year the gold mining companies in the HUI-index generated free cash flows totaling USD 4.8 bn., which exceeded the previous record high of 2011.

When I prepared the report, I was again very surprised how small the gold sector is compared to other investment classes. For example, the market cap of all precious metals companies in the HUI Gold Bugs Index is only 99 Bln. USD. This amount represents just 0,4% of the market capitalization of the S&P 500 Index members. To give you another number: The market capitalization of Apple alone exceeds that of the 16 companies in the index by 720%. Another interesting numbers game: One could use the cash hoard of Apple to purchase the entire Gold Bugs Index 2.5 times over, or alternatively buy 6,500 tons of gold. If Apple did the latter, it would be the second largest gold holder in the world.

## Philadelphia Gold and Silver Index (XAU/S&P 500 ratio)



Source: Bloomberg, Incrementum AG

7)

Ronni, you are managing different own fund products, which invests in the precious metals sector. Which investment criteria apply to all fund products? What criteria do you and your team consider when selecting a company?

**Ronald-Peter Stöferle:**

Our focus is on conservatively managed companies which are not merely pursuing an agenda of growth at any price, but are instead prioritizing shareholder interests. From a valuation perspective, the growth rate of free cash flows, reserves per share, and earnings growth per share strike us as the most important financial metrics. Often these have to be assessed over somewhat broader time frames than the quarterly song and dance that seems so relevant to other sectors, as the mining business is subject to relatively wide fluctuations based on seasonal factors, mine sequencing, capex cycles, and so forth. From my point of view, it is crucial to avoid investing in companies with a habit of incessantly diluting their shareholders by flooding the market with new share issues, particularly if one aims to hedge oneself against the inflationary policies of central banks.

In our investment process, we are currently focused on developers and emerging producers. Based on the premise that the bull market in gold has resumed, we expect the gold-silver ratio to decline over the medium term from its current elevated level. In such a scenario, particularly promising investment opportunities should emerge in the stocks of silver mining companies.

8)

**Carsten Ringler:**

I learned from Tudor Gold's press release on March 7, 2017 that you entered into a consultancy agreement with the Canadian company. What exactly does Tudor Gold do and why did you accept the offer to support them?

**Ronald-Peter Stöferle:**

Yes, I am really excited about my role in the team. Tudor Gold is a very promising gold exploration company active in the legendary 'Golden Triangle' region in British Columbia, Canada. The concession areas are located next to Seabridge Gold and Pretium Resources. The company is led by a very seasoned management

team. The President and CEO of Tudor is Walter Storm with more than 50 years of global business experience. I know him for many, many years now and he is one of the greatest in the industry.

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He financed also the startup of what became Osisko Mining. I have confidence in the management team and Tudor is active in an attractive region, which has the potential that an economic gold resource could be found. Moreover, it's of course a takeover candidate, but the shareholder structure is extremely tight. Therefore, the price must be right, as Walter Storm holds almost 80% of the company. As mentioned, Osisko is basically the reason why I started writing and learning about gold, monetary history and mining stocks. Therefore, I am grateful to be a member of the team.

9)

**Carsten Ringle:**

Tudor seems to be active in a very promising region with prominent neighbors such as Pretium Resources and Seabridge Gold. Are you expecting any news flow from Tudor in the months ahead?

**Ronald-Peter Stöferle:**

Of course. The company is currently preparing an exploration program at their "Treaty Creek" property, which hopefully commences in the next weeks. The 'Golden Triangle' region is in the press again as Pretium Resources began commissioning their gold operation two weeks ago. And we should not forget, that the other neighbor – Seabridge – may be sitting on one of the largest undeveloped gold projects based on mineral reserves. The KSM project has reserves of 29 mio ounces of gold and 10 billion pounds of copper.

10)

**Carsten Ringle:**

Let's have a look into your crystal ball. Could you share with our audience your price outlook for gold within the next 5 years? Are you expecting that the gold price might reach again the former all-time highs around 1,900 USD per ounce?

**Ronald-Peter Stöferle:**

Haha, you have to read the report to get my crystal ball. It's "only" 170 pages. But no worries, we also have prepared a compact version of the report.

11)

**Carsten Ringle:**

Is there anything else you'd like to add? Where can the 'In Gold we Trust 2017' publication be downloaded by interested readers?

**Ronald-Peter Stöferle:**

Interested readers can visit our websites <https://ingoldwetrust.report/> (<https://ingoldwetrust.report/>) and <https://www.incrementum.li/> (<https://www.incrementum.li/>)

12)

**Carsten Ringle:**

Excellent! I appreciate your insights about your famous annual publication and the interview.