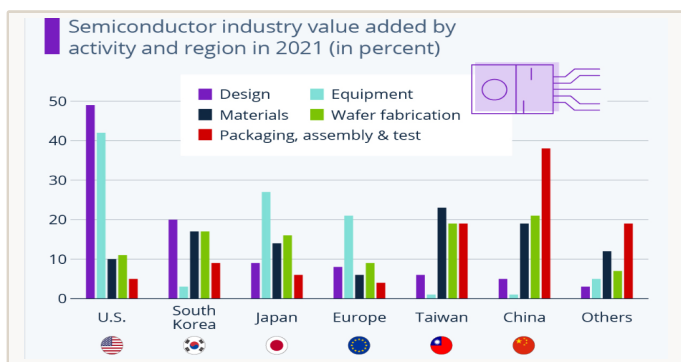


Market Report

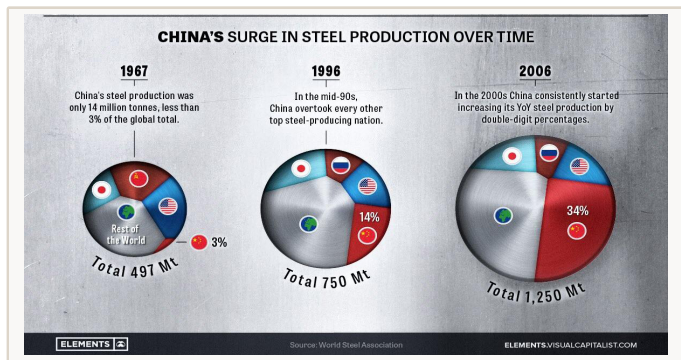
June, 2023

Despite various uncertainty factors and real economic challenges, the financial markets are proving to be quite robust. However, the relatively relaxed situation at the late stage of an economic cycle should not hide the fact that greater risks are present and that a sharp decline in all financialized values is a realistic scenario, especially due to the debt situation and the sluggish real economy. The low implied volatilities in the equity markets allow for a favorable hedging while real assets such as precious metals remain an important part of a resilient portfolio.

Highlights



The global microchip industry is divided into geographic hubs, with manufacturing in China and Taiwan, and design predominantly in the US and South Korea. Few companies, like Samsung and Intel, can handle all stages of production. Geopolitical tensions have led to procuring difficulties for China, making it crucial to increase its domestic chip design and equipment shares.



Steel is vital for various industries and economies, used in constructing buildings, automobiles, machines, and infrastructure. Following a rapid growth in production beginning in the '60s, China has taken over Russia, the U.S., and Japan to become the top steel-producing nation. Steel production is a potential vulnerability of NATO countries as output remains much lower than in the SCO world.

Precious Metals & Commodities

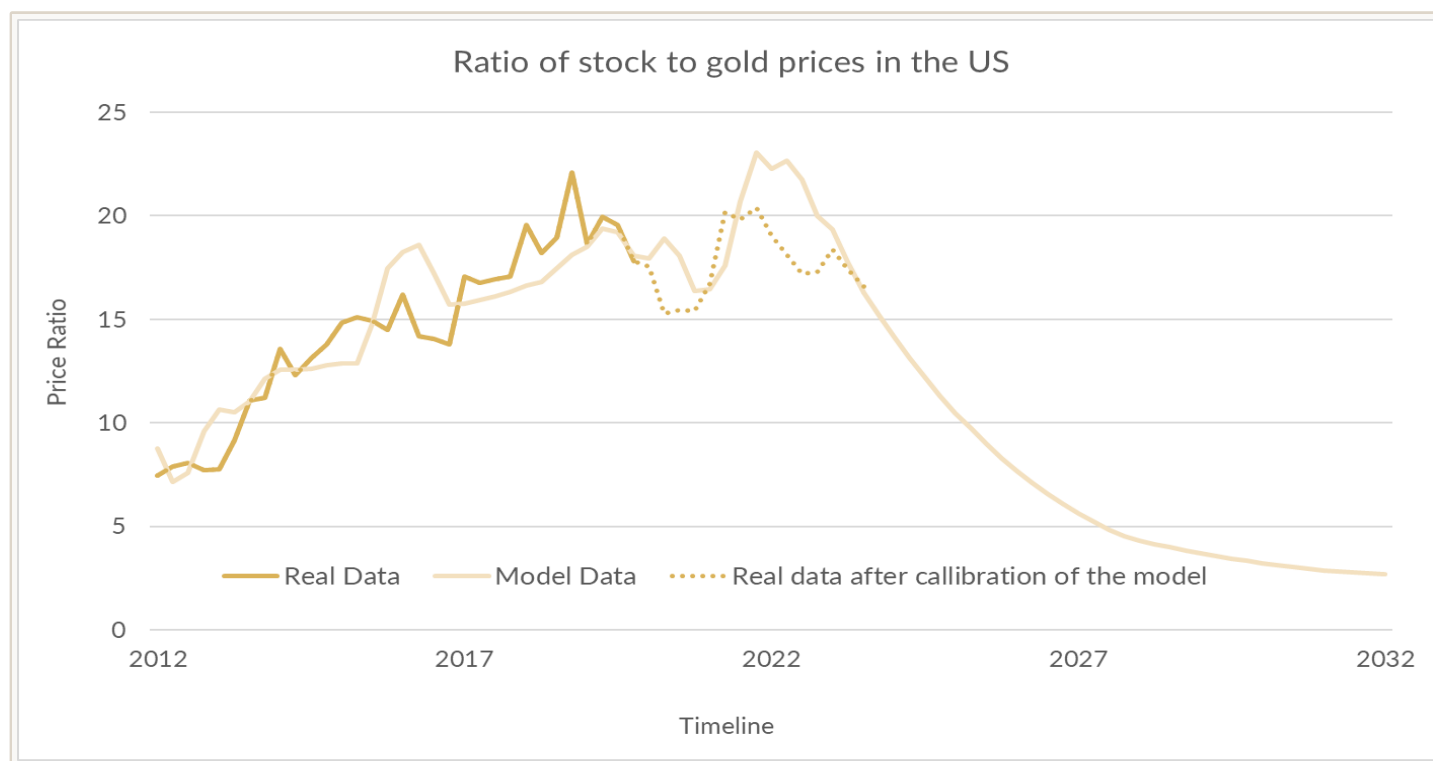
While precious metals are expected to continue their upward trajectory, not much movement is expected in the commodities sector in the short term. Nevertheless, the long term trend for all precious metals and commodities continues upward.

Indicator	Gold	Silver	Copper	Oil	Agriculture
Current	↗	↗	→	↗	↗
Outlook	↗	↗	→	→	→
Trend	↗	↗	↗	↗	↗

Prediction Model Gold or Stocks?

The current level of debt compared to production of the real economy is similar to the situation in the Germanic nations before the world wars in the 1910s, and the situation in France before the French Revolution in the 1790s.

Based on this data, the peak at which economic activity assets (such as equities) will outperform gold is around Q3 2022. From then on, the model predicts a outperformance of gold towards stocks (light line). When looking at the real data of stock to gold price (dotted line), we see the trend of gold outperforming stocks already began early in 2022. Whether we will experience another countermove or not is currently difficult to predict, but the long term trend for higher gold performance remains clear.



Gold Feature

Gold Performance in Various Currencies										
	USD	EUR	GBP	AUD	CAD	CNY	JPY	CHF	INR	Average
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	-0.2%	6.0%	11.6%	6.3%	7.0%	8.3%	13.7%	1.1%	10.8%	7.2%
2023 YTD	8.3%	7.3%	5.3%	11.0%	7.9%	10.0%	14.0%	5.4%	8.6%	8.7%
Average	9.3%	8.9%	10.6%	8.8%	8.6%	8.4%	10.4%	6.6%	12.0%	9.3%

Source: Reuters Eikon (as of 05/19/2023), Incrementum AG

Gold's value is often misunderstood as fluctuating when in reality the true change lies in the purchasing power of fiat currencies measured against gold, which varies to different degrees. In other words, fiat currencies tend to depreciate relative to gold over time. This shift in perspective is crucial, particularly in the current inflationary environment.

Early 2022, gold experienced a correction, reaching a low of \$1,620, however, it began a remarkable rally in the latter part of 2022, driven by a weaker US dollar, and by Q1 '23, gold had

achieved its highest quarterly close ever at \$1,975. Overall, 2022 was a positive year for gold in all currencies except the US dollar. The average price gain in other currencies was 7.2%, with notable increases in the Japanese yen (13.7%) and the GBP (11.6%), while in Euro terms, gold experienced a 6% increase in what was its 5th consecutive annual gain. Gold has continued to perform well in 2023, with an average increase of 8.7% across listed currencies.

Since 2000, gold has consistently outperformed other asset classes and currencies, with an average annual performance of 9.3%. Despite periodic corrections, gold has maintained its status as a reliable investment. However, as the gold price is usually discussed primarily in US dollars, investors risk disregarding the considerable gains gold has made in other currencies. This oversight may lead investors to underestimate the attractiveness of gold as an investment.