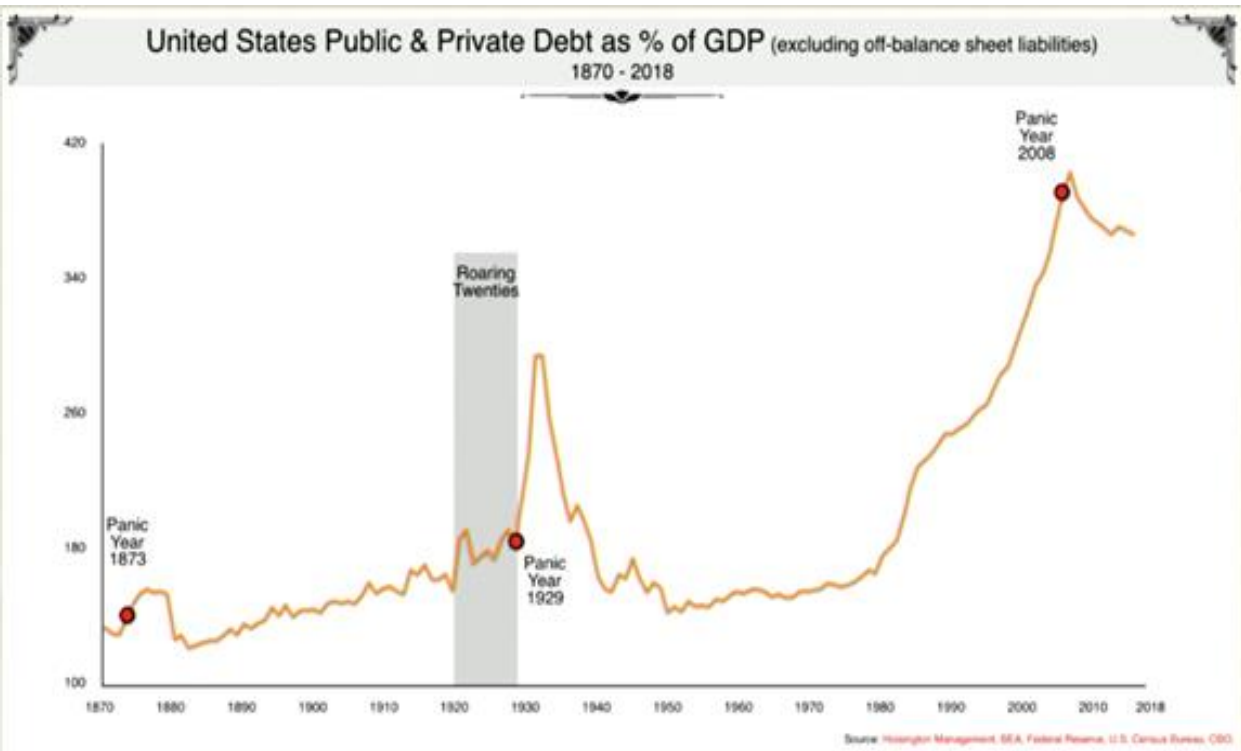
[Alps Precious Metals Group]

Monthly Commentary and Update

November 2019

Buy the Dip!



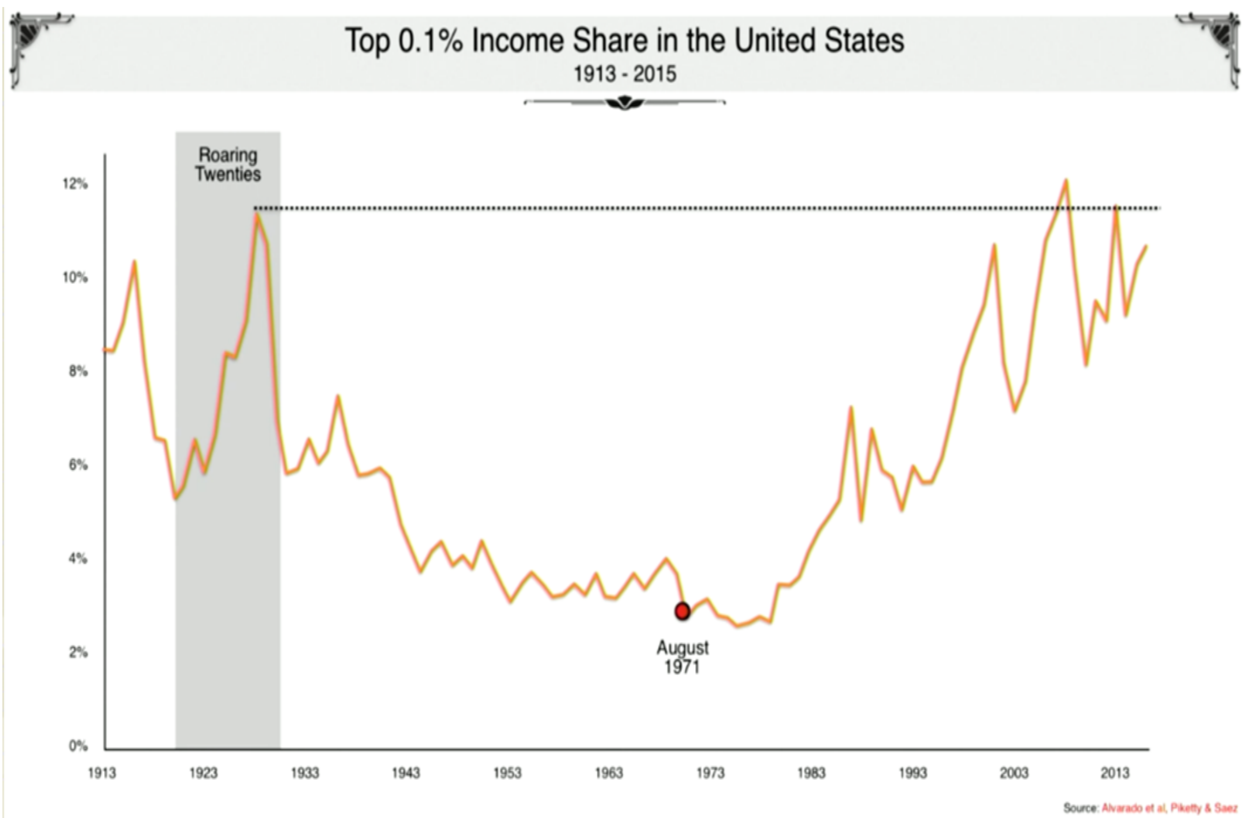
Source: Grant Williams speech to Zurich Precious Metals Summit, November 12, 2019; Hoisington Mgnt. BEA, Federal Reserve, U.S. Census Bureau, CBO

Upon reading last month's update, a friend kindly responded and expressed the desire to know more about what we thought about the future as opposed to describing the past. Our reply is the body of this Commentary (many of the charts in this report were created by and accompanied a recent speech given by our friend Mr. Grant Williams of "Real Vision" – www.realvision.com).

Succinctly, we believe that the price of Precious Metals will be rising significantly higher in the days, months and years to come. Given up-to-the-moment amounts of "dollar creation from thin air" and "Paper Gold" (futures, forwards, Central Bank leases, etc., etc. which represent an amount of physical Gold *well* in excess of physical supply), we believe Physical Gold's equilibrium – and ultimately sustainable - dollar price is at least $7000/oz.

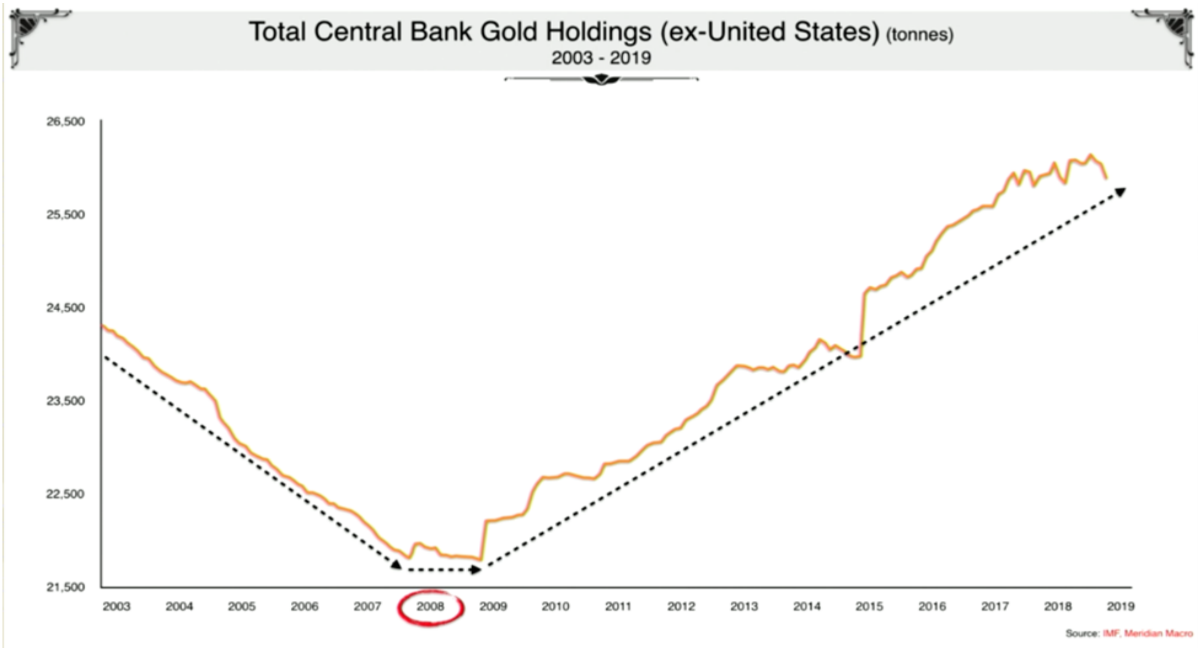
We believe that this is so not only for reasons we have chronicled about the past, but also because of the trajectory of current events into the foreseeable future. First, the general zeitgeist of our day is for global governments to purposely expand deficits and debt, while their enabling Central Banks endlessly expand money and credit “ex nihilo”. As the opening chart of this report displays, this unhealthy and ultimately terribly destabilizing behavior will continue as far into the future as can reasonably be projected.

Second, we see absolutely no end to the violent upheaval which is generally seen in all Geo-Politics today, residing on every continent outside of Australia and Antarctica. These uprisings all find their roots in the reckless policies of the aforementioned governments and Central Banks which have led to one of the most egregious wealth gaps between rich and poor in history, last seen during the roaring 20’s:



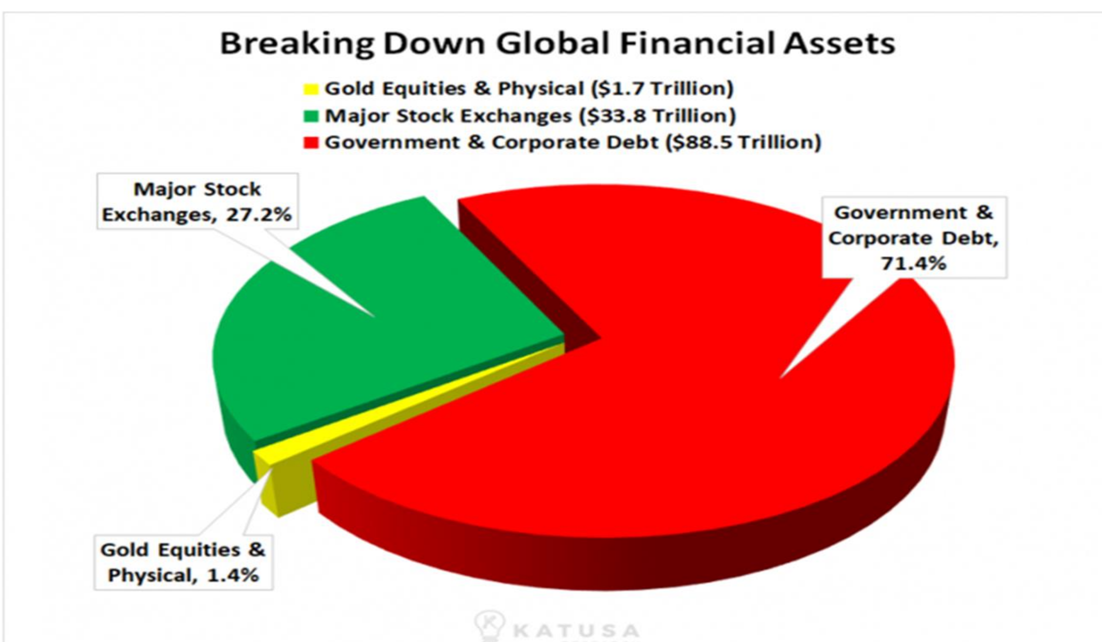
Source: Grant Williams speech to Zurich Precious Metals Summit, November 12, 2019; Alvarado, et.al, Piketty and Saez

Third, we see no reason to believe that non-Western Governments and Central banks will cease and desist from a steady and strategic accumulation of Physical Gold to their coffers. The overall goal of the primary players in this trend – Russia and China - is to replace U.S. Treasuries as the major component of their reserves, as well as building the base for an alternative currency to the U.S. dollar for use in global commerce:



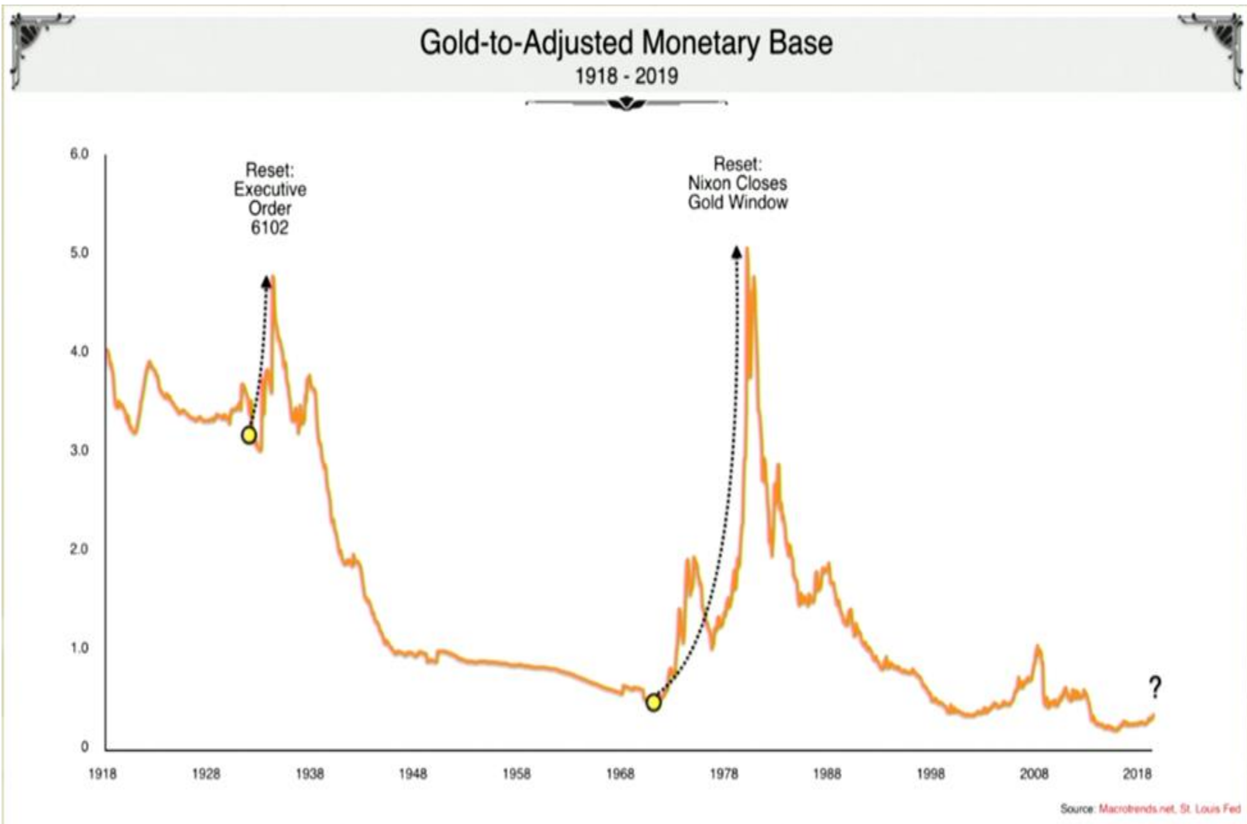
Source: Grant Williams speech to Zurich Precious Metals Summit, November 12, 2019; IMF; Meridian Macro

Given the self-reinforcing nature of these reasons, one must expect significant upside performance for that portion of his portfolio dedicated to Physical Precious Metals. Further, the total amount of global capital dedicated to the Precious Metals sector is only 1.5%, meaning an incremental move of investment managers towards the sector in the future will significantly benefit investments in this asset class:



Source: Katusa Research

The $7000/oz. projected price was primarily extrapolated from the long-term relationship (from 1918 to the Present) of the size of the U.S. monetary base to the price of Gold. The monetary base roughly matches the size of the Federal Reserve balance sheet, which indicates the level of new money creation required to prevent debt deflation. Previous gold bull markets ended when this ratio crossed over the 4.8 level:



Source: Grant Williams speech to Zurich Precious Metals Summit, November 12, 2019; Macrotrends.net; St. Louis Fed

If the ratio is assumed to rise to only 2.0, the implied price of Gold would be ~$7k per ounce. Showing the math:

Current price = $1460

Current ratio = 0.42

Target ratio = 2.0

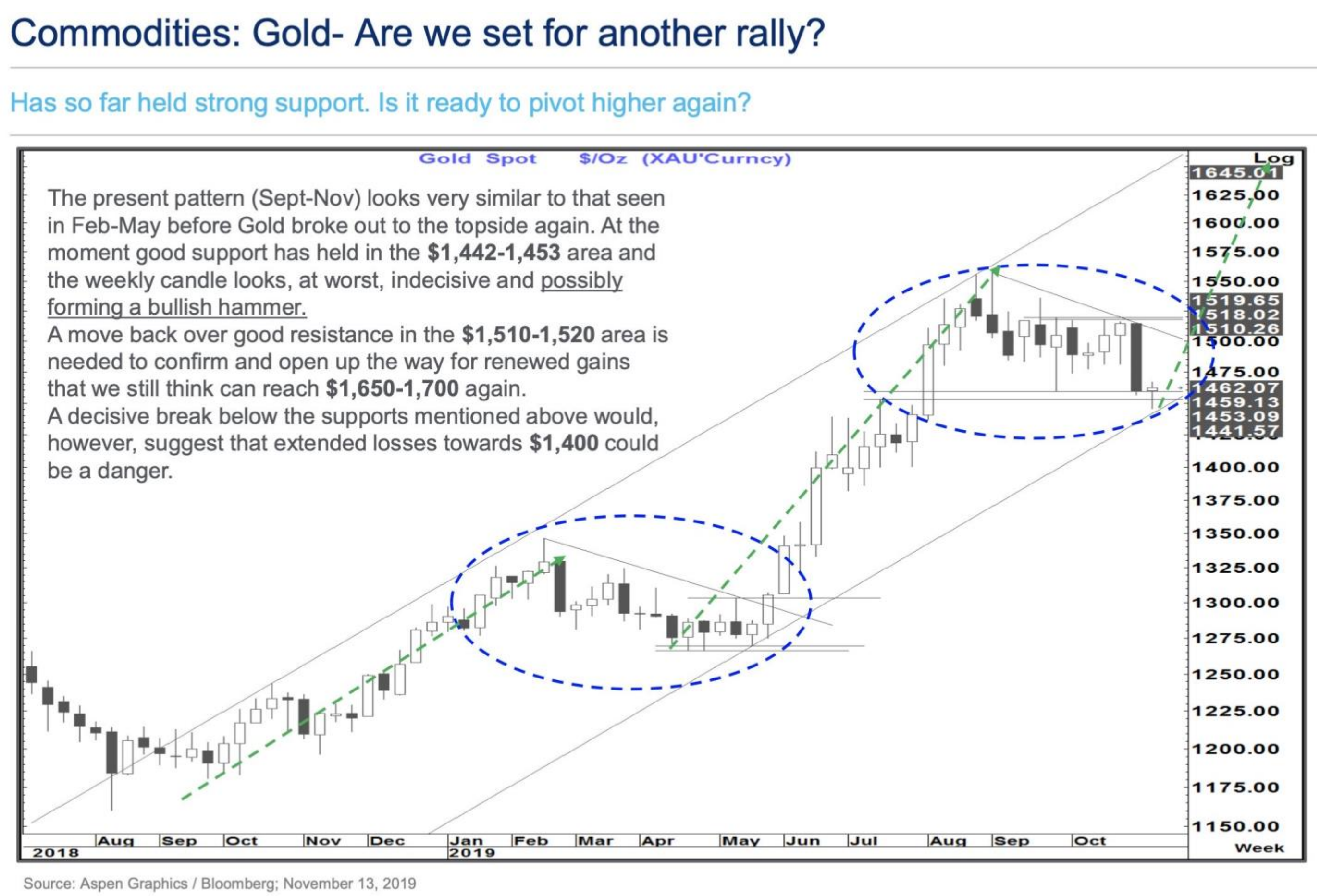
Divide Target ratio by Current Ratio (2/0.42) = 4.76

Multiply Current Price by above quotient = $6952/oz.

So at what price would we recommend a purchase? For those who currently do not have any exposure to Physical Precious Metals, our answer is "whatever price you can buy them right now!". For those who are already long, we provide 3 technical opinions of re-entry points:

1) Tom Fitzpatrick – Citibank

"Gold may finally be finding a base here (yields look to be important in that respect). The present pattern (Sept-Nov) looks very similar to that seen in Feb-May before Gold broke out to the topside again. At the moment good support has held in the $1,442-1,453 area and the weekly candle looks, at worst, indecisive and possibly forming a bullish hammer. A move back over good resistance in the $1,510-1,520 area is needed to confirm and open up the way for renewed gains that we still think can reach $1,650-1,700 again. A decisive break below the supports mentioned above would, however, suggest that extended losses towards $1,400 could be a danger. (See below):



Source: Tom Fitzpatrick – Citibank; KWN

2) Ole Hanson – Saxo Bank

“Gold is being challenged as a trade deal looms. The recent rise in bond yields have cut the total amount of negative yielding debt to $11.6 trillion, a one-third reduction since the August 28 peak. The improved outlook has also led to a reduction in U.S. rate cut expectations. Conflicting news on tariffs roll back created a very volatile week for gold and silver. Ahead of Thursdays additional weakness the net longs in both had been cut primarily through increases in gross short positions. In gold the gross short jumped by 15% to 31k lots, a 22-week high. Both metals have been challenged by the recent rise in bond yields which have cut the total amount of negative yielding debt globally to $11.6 trillion, a one-third reduction since the August 28 peak. The improved outlook for has also led to a reduction in U.S. rate cut expectations. Despite its worst weekly decline since November 2016 gold has yet to break any major technical levels. Using retracement levels from the run up since May the levels we focus on are $1448/oz, $1413/oz and most importantly $1380/oz, the range top between 2014 and June this year.

$1,448, $1,413 and $1,380 are Support for Gold

Source: Ole Hanson – Saxo Bank; KWN

3) Graddhy Sweden

"My longstanding weekly roadmap is perfectly on track in its original form. Looks like we will have this ICL (Intermediate Cycle Low) within 4-5 days now and for the next ICH (Intermediate Cycle High) I am looking for 1700-1800. (See below):

Stay Focused on Gold's Massive Bullish Cup & Handle

Source: Graddhy Sweden; KWN

To summarize, we would suggest that any price south of $1450 an ounce makes sense, and certainly anywhere from $1400-$1425/oz. We would still not be shocked to see a selloff all the way down to the $1350-$1380/oz. breakout price zone, and would suggest backing up the truck if that price were to be seen again. It is indeed time to "Buy the Dip"!

As to which firm would be your partner for conducting the trades and storing the metal, we believe that due to all of the unique characteristics of our firm – jurisdiction of Liechtenstein, non-bank/non-government entity, 24/7 access to audit or collect one's specie, quality of facility, quality of insurance, and, most importantly, the quality of our people – we are an essential component of our clients' globally diversified network of Physical Precious Metals trading and storage partners.

Alps, LPMG and St. Joseph Partners

Alps Precious Metals Group via our partnerships with Liechtenstein Precious Metals Group (Global and Offshore clients) and St. Joseph Partners (U.S./Canadian focused clients) is dedicated to providing the global standard for the finest and most secure storage and trading of Physical Precious Metals. Our Vaults have some of the highest security standards in the world ("Class 10" at LPMG) and, via our insurance partners, each client's specie is insured at 100% of its market value. Our trading desks provide liquidity on each and every business day with as little as next day settlement. All of these benefits are enjoyed while simultaneously being freed from the status quo global financial system. Contact us (www.alpspmg.com) to discuss how Alps can become a trusted partner in the creation, protection and utilization of the hard money portion of your portfolio.

James P. Hunter
Managing Partner
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