

Investment Thesis: Gold for Inflation & Debasement Protection

Inflation Concerns - Inflation remains a structural problem — CPI at 3.8% and core PCE at ~3.0%, both above the Fed's 2% target. - Cost of living increases in shelter, insurance, and services exceed what headline CPI captures. - Real wages have turned negative — purchasing power erosion is real and broad-based.

Fiscal & Monetary Policy Concerns - The US fiscal trajectory is unsustainable: \$1.9T deficit (5.8% of GDP), gross debt-to-GDP at 122.6%. - CBO projects deficits exceeding 5% of GDP every year through 2056. - While QT is shrinking the Fed's balance sheet, fiscal dominance is a growing structural risk — eventual monetary accommodation of government deficits is likely. - As the dollar loses reserve currency appeal, sovereigns and central banks are accumulating gold, not crypto.

Gold as a Store of Value - Gold is the only credible sovereign hedge — no government defaults against it, no counterparty risk, no technology obsolescence. - Unlike Bitcoin, gold has demonstrated actual safe-haven behavior in the current cycle: up 70% in 18 months with only -19% drawdown from ATH. - Central bank demand is at record levels (244 tonnes in Q1 2026), driven by BRICS de-dollarization and loss of confidence in US fiscal management. - Gold has no quantum computing perception risk, no protocol-level technology risk, and a 5,000-year track record as a store of value.

Upside Scenarios - **Base case:** Continued sovereign and institutional demand drives gold above \$5,000/oz (J.P. Morgan target \$6,300/oz by end of 2026). - **Tail case:** A US sovereign debt crisis forces a partial rebasing of the dollar on gold reserves (US holds ~8,133 tonnes). The reprice would be violent — a move to \$15,000–\$50,000/oz is plausible under gold-standard reset models, though probability is low.

Why Not Bitcoin - BTC trades as a risk-on asset (0.74 correlation to S&P 500), failing as a diversifier exactly when one is needed. - 39% drawdown from ATH with \$6B+ in ETF outflows — pro-cyclical, not safe-haven. - Quantum computing poses a legitimate perception risk to BTC's security narrative, even if the cryptographic threat is years away. - Generational crypto adoption is real, but BTC may not be the winning asset — no conviction it is the prime candidate long-term.