

## Shiny yellow metal and its place in a portfolio

[What Portfolio Theory Says About Investing in Gold - Seeking Alpha, Dec 12, 2018](#)

[Gold Hits \\$1,300, but Closes Down; Awaits Direction as Powell Turns 'Patient' – Investing.com, Jan 4, 2019](#)

[What Investors Should Expect in 2019 - Nasdaq, Dec 13, 2018](#)

When constructing a balanced portfolio, you would normally have a percentage in precious metals, usually Gold. There are arguments for and against the relative value of XAU and whether it is still a viable investment. As always there is a lot of debate on the current value of gold and where it is headed in 2019, especially with all the uncertainties created by global rate policies, Trump, China and trade flows globally which are affecting asset values everywhere.

Usually with uncertainty follows Gold value and the last 6 months has seen XAU strengthen against the USD. You can use technical analysis techniques such as Bollinger Bands, RSI and Fibonacci retracement theory; which currently suggest the XAU strength against the USD should be meeting resistance around these levels. Emphasis on resistance rather than a correction at this point. In order to use Technical Analysis, you need to learn TA, it is best to use a mix of analysis to get a directional view, but you start with learning the different tools at hand.

There are different ways to invest and different rationales on whether you have physical gold or not. If you had invested in Gold Shares since 2005, you would have outperformed the S&P ETF 166% against 122%, as per the chart below since 2005.



Whether you believe in gold or not, having it in a diversified portfolio makes sense especially in times of uncertainty, the amount of gold in your portfolio is the real question.

A quote from the mentioned Nasdaq article - “people need to hold Gold as a store of wealth, and it will remain that as long as you live... especially given the way things are today” Portfolio creation and measurement is a skill in itself that needs to be learned. If you are a prospective portfolio manager, or a support function looking to evaluate the portfolio or just want to understand the mechanics, learning about Portfolio theory is a must.

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- Portfolio Approach to Structured Products – Maximizing Returns while Minimizing Risks

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