Investing in Gold in a Challenging Macroeconomic Environment: An Expert Portfolio Manager Interviews with The Wall Street Transcript

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67 WALL STREET, New York - April 4, 2013 - The Wall Street Transcript has just published its Investing in Gold and Value for Downside Protection Report offering a timely review of the sector to serious investors and industry executives. This special feature contains expert industry commentary through in-depth interviews with Money Managers. **The full issue is available by calling (212) 952-7433 or via The Wall Street Transcript Online**.

Topics covered: Value Investing - Long-Term Investing - High Quality Companies - Global Investing - Investment Strategies - Large Cap Investing - Longer-Term Investing - High Quality Companies - Investing in Gold - Long-Term Value Conservation - Precious Metals

Companies include: n/a

In the following excerpt from the **Investing in Gold and Value for Downside Protection Report**, an expert portfolio manager discusses his investment philosophy and portfolio-construction strategy:

TWST: Why do you recommend holding that 10% in actual gold bullion?

Mr. Weary: To answer that question, one needs to take a step back and ask, **what is gold**? Why would you have it in a portfolio at all? I read a recent study by Campbell Harvey, a professor at Duke's Fuqua School of Business, on why or why not to have gold in a portfolio. He looked at the data in order to ascertain if gold acted as an effective inflation hedge, and determined that it did not, at least not in the short term.

Over the **long-term** - hundreds of years or thousands of years - **gold does act as an inflation hedge**, but taking a centuries-long approach is probably beyond most people's time horizon. In the short-term, it is too volatile for that. Is it a currency hedge? Well, it isn't really a currency hedge for a lot of the same reasons; **it is too volatile in a short run**. Is it a safe haven in times of trouble? Is it an investment alternative in a low-return world? Professor Harvey showed that gold failed to fulfill many of the rationales for which it is traditionally purchased.

While in the short-term maybe gold may not be such a great currency hedge, **in times of real challenges it is a commodity that has several thousand years of price history**. Gold is often considered a currency, but unlike paper currencies you cannot just print more of it, highlighting its attributes as a commodity, a commodity with known supply. We know how much has been mined out of the ground since the beginning of time. We know the rate at which the miners are adding to supply, and it's very low. **When you have a commodity with very limited additional supply, it doesn't take much in terms of incremental demand to really make the price shoot through the roof**. So what could possibly cause significant incremental demand for gold?

We are most concerned about the **larger global macroeconomic challenges** threatening our clients' portfolios...

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