

3 Precious Metals Investments Better Than Gold

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by: Douglas Ehrman

Summary

The current picture for gold is mixed.

Alternative investment options should offer a better risk-adjusted bet.

A reversal in gold would likely benefit each of these options more than the commodity itself.

While major economic factors driving gold prices have been mixed of late, a direct investment in gold continues to give many investors pause. Essentially, the lack of an impact of the recent - and stronger than expected - [U.S. jobs report](#) on the strength of the U.S. dollar was negative for the price action of the yellow metal. Rather than either taking a new position in gold at current levels or holding current investments at a time where a rebound may be uncertain, there are a [variety of alternative investment ideas](#) that are preferable and should be considered for your portfolio. Each of the below ideas offers an alternative - often better on a risk-adjusted basis - option to taking a position in gold.

Silver

While many of the same factors that impact the price of gold also drive the price of silver, over the past two years silver prices have dropped far more significantly than gold prices. Using the two most heavily traded exchange-traded funds (ETFs) as proxies for the two commodities, silver is down about twice as much in that period. Over the last two years, the SPDR Gold Shares (NYSEARCA:[GLD](#)) is down about 15% while the iShares Silver Trust (NYSEARCA:[SLV](#)) is down about 30%. This relationship has stabilized over the past 6 months, but this means that a reversal in precious metals will likely to reward silver investors more generously than gold investors.

A [study by Claude Erb](#) and Campbell Harvey calculated the fair value of gold at \$825 per ounce. While this prediction came near the end of the summer, nothing since has invalidated its findings. Conversely, silver may have already experienced a fall to near fair value, making its risk profile and downside protection more attractive. Ultimately, silver remains a more attractive metals investment than gold.



Gold Miners

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