INVESTMENT REPORT

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BRENTHURST
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THE POWER
OF INDEPENDENT ADVICE

IN THIS ISSUE

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BRENTHURST AWARDED TOP WEALTH MANAGER IN SOUTH AFRICA 2020

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IS IT TOO LATE TO TO JOIN THE GOLD RUSH?

By Andre Basson, Financial Planner at Brenthurst Wealth Management

The current global economic and market situation, created by the impact of Covid-19 and governments' response, has driven investors to gold; often the world's favourite save-haven investment in times of uncertainty.

But will the recent rise and rise of the gold price continue? Is it too late to join the rush?

"Gold should hit $2,300/oz. within the next 12 months," Goldman Sachs analysts predicted late in July, ditching their previous $2,000/oz. forecast.

The precious metal has done phenomenally well this year and from a fundamental analysis perspective, gold has always been regarded as a safe-haven asset, meaning that it is not directly correlated to an economy or its equity markets, and can instead maintain or even increase in value during periods of high market volatility such as investors have been experiencing this year.

Renowned investor, Warren Buffet once referred to gold as "a way of going long on fear." In addition, gold has historically been a great inflation and currency hedge and with global interest rates hovering in negative territory, there is a real case to be made for holding gold coins, or stakes in gold funds, which are physically backed by the commodity.

Over the past two months investors have been buying bullion on the back of mounting concerns surrounding surging Covid-19 cases in the US, fears around renewed tensions between the US and China and a decline in the value of the US dollar against currencies like the euro and the yen.

This has seen the price of gold reaching new highs at the end of July, as the yellow metal broke through $1,900/oz – a level last seen in August 2011.

BUT WILL IT LAST?

As Warren Buffett once said: "What the wise do in the beginning, fools do in the end," but technical analysts and market players think there are plenty profits still to be made.

Yet, they say with prices already at multi-year highs, the entry costs are significant, too, so maybe the question should be rephrased from "when" to "how much?"

Many advisors agree that there is never a perfect time to buy gold, but that every investor should have some gold in their portfolio. Many recommend a gold allocation of 1% to 5% of an individuals' overall portfolio, but that could shift higher from 5% to 15%.

But first investors should first decide why they want to own gold. Is it for return potential or portfolio diversification or a sense of security? Then you should familiarise yourself with the various options and the risks involved.

THE OPTIONS INCLUDE:

1) BUY PHYSICAL: Physical gold bars and coins is the most traditional way to own gold. It is liquid and easy to buy in one place and sell in another. Physical gold assets can be purchased at various outlets, including coin dealers and banks. However, buyers should be aware of additional costs such as insurance and storage.

2) BUY ETFs: Exchange-traded funds are vehicles that allow you to track the underlying price of gold without having to physically hold the asset. ETF options have been popular with investors seeking exposure to gold-related assets.

3) BUY FUNDS THAT FOCUS ON INVESTING IN GOLD: Several asset managers have specialist funds that exclusively focus on gold, for instance the **NINETY ONE GLOBAL GOLD FUND,** which invests around the world primarily in the shares of companies involved in gold mining. Another option is the **OLD MUTUAL GOLD FUND,** which invests in gold and other precious metals.

4) BUY GOLD-RELATED STOCKS: Companies directly linked to gold, such as gold miners or gold producers, are another way to hold gold, as they tend to mirror its performance. However, they are also susceptible to stock market swings.

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AS WITH ANY INVESTMENT DECISION, CHANGES TO PORTFOLIOS OR ASSET CLASS SELECTION MUST FIT THE INDIVIDUAL INVESTOR'S RISK PROFILE, INVESTMENT GOALS AND LONG-TERM FINANCIAL PLANNING STRATEGY.

The many options available can best be navigated with the guidance of an experienced, qualified financial advisor. As independent financial advisors Brenthurst Wealth can place investments with the best asset managers and funds. To include gold in a portfolio, speak to our team.
Find the office and advisor closest to you here: wealth advisors.

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BRENTHURST AWARDED TOP WEALTH MANAGER IN SA

Brenthurst wealth was voted Top Boutique Wealth Manager in the country in the 2020 Intellidex Wealth Manager and Private Banks Survey, and ranked in the top 5 in 5 other categories.
Click here to read more >> Brenthurst-voted-Top-Wealth-Manager-in-SA

TOP RELATIONSHIP MANAGER IN SA

ANDRÉ BASSON, head of the Brenthurst Wealth office at Val de Vie Estate and BRIAN BUTCHART, Managing Director and CFP® professional based at the Waterfront office in Cape Town ranked as two of the top three relationship managers across the country.

ANDRE BASSON, FINANCIAL PLANNER

BCom Hons, Advanced Postgraduate Diploma in Financial Planning (Cum Laude)

ANDRE is head of the Brenthurst Wealth office at the Val de Vie Estate.

Andre obtained his B.Com degree from Stellenbosch University, finishing top of his financial planning class. His postgraduate studies include a B.Com (Hons) degree and a Postgraduate Diploma in Financial Planning also from Stellenbosch University.

He obtained his Advanced Postgrad Diploma in Financial Planning (Cum Laude) from the University of the Free State. He previously gained experience as a Financial Planner at Sanlam.

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BRENTHURST WEALTH RANKED BEST BOUTIQUE WEALTH MANAGER IN SA 2020, 2017 AND RUNNER-UP IN 2018 AT INTELLIDEX WEALTH MANAGER AND PRIVATE BANKS AWARD