

## GOLD GLITTERING ALONE NO MORE

Authored by Shree Kargutkar, Portfolio Manager, Sprott Asset Management LP

November 15, 2017

Gold, in U.S. dollar terms, has gained 10.92% year-to-date in 2017 and has risen 20.41% since January 1, 2016 (as of 11/15/2017)<sup>1</sup> – a fact largely ignored by a majority of market participants. Despite this strong performance, investment allocations into gold bullion and gold equities remain muted and we have found this rather perplexing.

### Why are We Perplexed?

Gold has traditionally been regarded as portfolio insurance for wealth preservation, something akin to buying home insurance for your house. It is negatively correlated to most equities, and has served to reduce volatility when added to a traditional portfolio of equities and bonds. With the S&P 500, Dow Jones and Nasdaq Indices trading at all-time highs, and valuations at levels not seen in almost two decades, some investors are rightfully worried about the potential downside to their portfolios. Indeed, this is exactly the environment that prompts serious investors to begin giving gold a hard look as portfolio insurance. While the current appeal of gold seems like a no-brainer, too many investors remain uninvested or terribly underinvested in the precious metal.

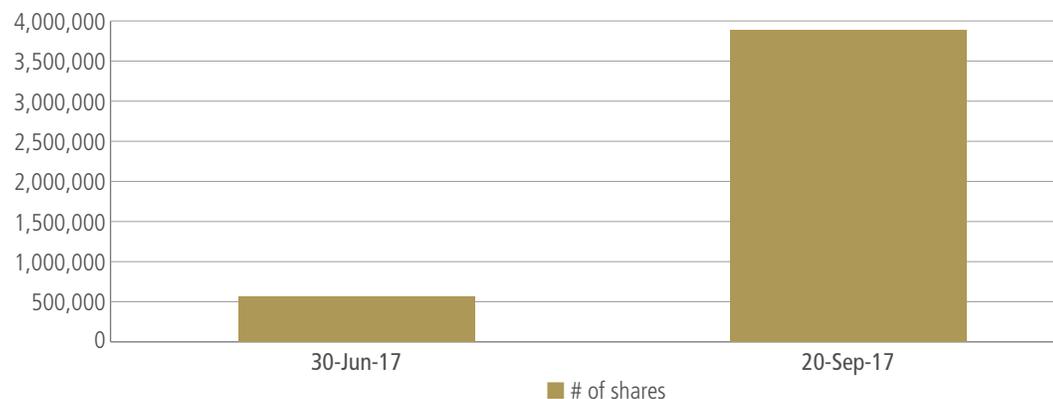
### Bridgewater Boosts Gold Holdings

Recently, we've seen some encouraging signs of renewed interest in the yellow metal. We are pleasantly surprised that Bridgewater Associates, the world's largest hedge fund, has increased its SPDR Gold Trust ETF (GLD) holdings by a staggering 575% as of September 30, 2017, when compared to their previous disclosure three months ago as of June 30, 2017. Bridgewater purchased 3.32 million shares of GLD to bring its gold holdings to 3.89 million, representing 3.18% of its total portfolio (Bridgewater is now the 8th largest holder of GLD).

Bridgewater founder Ray Dalio has been on a recent media blitz advocating that investors have 5-10% of assets in gold as a hedge. We explore some of the specific risks that Dalio sees in our most recent infographic: How Billionaire Investors Hedge Against Geopolitical Black Swans.

We think that it is just a matter of time before investors begin to find it hard to ignore gold's stealth bull market and react by increasing their allocations into this space accordingly.

### Bridgewater Associates GLD Holdings



Source: Bridgewater Associates.

Shree Kargutkar is a Portfolio Manager at Sprott Asset Management LP, which is the sub-advisor for Sprott Gold and Precious Minerals Fund and Sprott Silver Equities Class.



Sprott Physical Bullion Trusts provide a secure, convenient, exchange-traded alternative for investors who want to hold physical bullion.

[SprottPhysicalBullion.com](http://SprottPhysicalBullion.com)

## About Sprott

Sprott is a global alternative asset manager with a defining focus in precious metals and real assets investments. Through our subsidiaries in Canada, the U.S. and Asia, Sprott is dedicated to providing investors with world-class investment strategies that include exchange-listed products, active equity strategies and highly-specialized real asset investments. Our deep sector expertise creates investment and financing solutions unparalleled in the industry.

For more information, please visit [www.sprott.com](http://www.sprott.com)

[www.sprott.com](http://www.sprott.com)



<sup>1</sup>Source: Bloomberg. The Gold spot price is generally used as the basis to determine the exact price to charge for a specific coin or bar.

Sprott Asset Management LP is the investment manager to the Sprott Physical Bullion Trusts (the "Trusts"). Important information about the Trusts, including the investment objectives and strategies, purchase options, applicable management fees, and expenses, is contained in the prospectus. Please read the document carefully before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. This communication does not constitute an offer to sell or solicitation to purchase securities of the Trusts.

The risks associated with investing in a Trust depend on the securities and assets in which the Trust invests, based upon the Trust's particular objectives. There is no assurance that any Trust will achieve its investment objective, and its net asset value, yield and investment return will fluctuate from time to time with market conditions. There is no guarantee that the full amount of your original investment in a Trust will be returned to you. The Trusts are not insured by the Canada Deposit Insurance Corporation or any other government deposit insurer. Please read a Trust's prospectus before investing.

The information contained herein does not constitute an offer or solicitation to anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Funds may be lawfully sold in their jurisdiction.

The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting or professional advice. Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action.

**This article may not be reproduced in any form, or referred to in any other publication, without acknowledgement that it was produced by Sprott Asset Management LP and a reference to [www.sprott.com](http://www.sprott.com).** The opinions, estimates and projections ("information") contained within this report are solely those of Sprott Asset Management LP ("SAM LP") and are subject to change without notice. SAM LP makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, SAM LP assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. SAM LP is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Sprott Asset Management LP. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell. SAM LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. SAM LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, SAM LP and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.