

Gold and Silver Are Beating Stocks. What Money Pros Say.

Precious metals have given investors serious bang for their buck this year. We asked advisors whether and how they are buying gold and silver amid the rally.

By Steve Garmhausen

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U.S. stocks are having a rotten 2025, but gold and silver are on a roll. While the S&P 500 has fallen 3.7% year to date, [SPDR Gold Shares ETF](#) [↑ GLD +0.11%](#) is up more than 17%, and the [iShares Silver Trust](#) [↑ SLV +0.24%](#) is up 15%. The reasons include record buying by central banks and investors' fears regarding inflation, risks to the economy, and geopolitics.

Of course, exposure to physical gold or silver, which the aforementioned funds offer, isn't the only way to play the rally. Alternatives include investing in mining companies. Investment advisors have lots of opinions on the subject, including about whether precious metals belong in client portfolios at all. So for this week's [Barron's Advisor Big Q](#), we asked advisors whether and how they are buying gold and silver amid the rally.

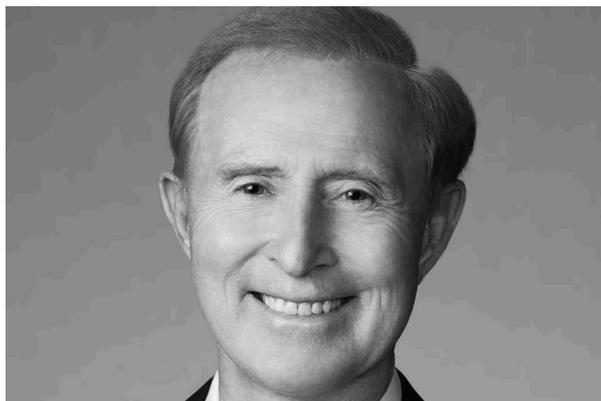


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John Merrill, president and chief investment officer, Tanglewood Total Wealth Management: We are longtime believers in gold. We recommended a percentage of between 5% and 6% in our client portfolios from 2004 until October 2023. We used it as a hedge. In October

2023 we changed our recommendation to 8%, and at the end of last year we changed it to 10%. It's now 11%, and so much of that increase was just float. As gold went up and other assets went flat or down, it floated up relative to the rest of the portfolio.

People have gone to gold over time as an inflation hedge or risk-averse asset. But what's changed is the geopolitical makeup. We're seeing the currency reserves of countries like China, Russia, and Iran go down and their gold reserves go up. And it's not just those countries. So gold has gone back to its pre-1971 role as being one of the primary currency reserves in the world. That makes it have buyers who are price-insensitive and will continue to buy until they meet or maintain their reserve requirements. So it's a very different dynamic today. Silver used to be called poor man's gold because it was cheaper. I owned cans full of silver back in the late '70s and early '80s, and I will tell you it's heavy. Unless you think that somehow there's going to be a way of exchanging for groceries and whatever, I don't really see a place for it.



PHOTO: COURTESY OF ADVYZON
INVESTMENT MANAGEMENT

Brian Huckstep, chief investment officer, Advyzon Investment

Management: We do not include commodities as part of our long-term strategic asset allocation. We include assets that have attractive risk-to-return trade-offs and we don't think the expected return of silver and gold justifies inclusion in a typical diversified retirement savings

portfolio over the long run. I personally own five 10-ounce chunks of silver. I bought them 20 years ago because commodity investing became pretty popular then. It just sits there and does nothing. I bought it at \$22 an ounce and it's not that much higher now. I have made much more return in stocks than I have with those five little hunks of silver that are collecting dust in my closet.

We do include some commodities, including silver and gold, as part of an alternative portfolio. And the alternative portfolio typically does not keep up with stock returns. It's got a lower long-term return profile, and its risk profile is also lower than stocks. The diversification benefit is there: Certainly gold and silver are uncorrelated with many investment assets. As a fan of diversification, you can't argue that those commodities are attractive from a diversification standpoint. But so is cash: It's uncorrelated with some investment assets. But gold and silver do not generate dividends, they don't generate interest. And for that reason, we don't find them as attractive as other financial instruments that do generate dividends and interest, like stocks and bonds and real estate. Hard real estate produces rent. Gold and silver can sometimes be more correlated with things like real estate when compared with stocks and bonds, but at least real estate can generate some rent for you as an investor.



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STUDIO/NYC

Patrick Fruzzetti, managing director, Rose Advisors (Hightower): I've been long gold for the past four years or so and was probably a little early. But I own it because I think it's a hedge against the debasement of currency, as well as a partial hedge against inflation. Clearly with some of the uncertainty and maybe even the disagreement in Washington and around

the world from a policy perspective, it has been a store of value. But frankly even once we have a better understanding of what's going to take place, it doesn't really change why I own gold. Obviously when you've had a run-up the way we have, there's going to be a time when you'll need to rebalance the portfolio. We've done that from time to time over the past four years, and we'll do it again.

ADVISOR NEWSLETTER

The Way Forward

Gold is the most precious of all precious metals. I mean, central banks buy gold. They

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don't really buy silver en masse. I've seen a million charts about how undervalued silver is relative to gold. And it probably is undervalued. I just would rather own gold more than anything else. I think the gold rally will continue until there's more clarity.

You might get a little bit of a correction in price. But I think we're in a bull market in gold, and I can see myself holding this for the long term. I think \$4,000 an ounce for gold over the next three or so years is definitely a possibility.



PHOTO: COURTESY OF WWM INVESTMENTS

Matthew Smart, director of portfolio analysis and financial planning,

WWM Investments: To us, gold and silver occupy a unique place in investors' minds. They're not traditional investments, meaning they don't grow and innovate. But they do offer something else, which is emotional security. In many ways they're more like an insurance policy than an

engine of wealth. But the recent spike in demand tells us more about sentiment than fundamentals. You see gold rise when consumer confidence drops, and right now the fear around inflation, geopolitics, and economic slowdown is pushing people toward the assets that feel safe.

In client portfolios we have gold and silver in a supporting role, not as a core piece. We feel that if owning a little bit of gold helps someone stay committed to the long-term plan that we've built for them in volatile markets, that's serving a real purpose. It's more of a psychological stabilizer, but there's actually value in that. In terms of exposure, you can buy physical bullion or coins, or ETFs or mutual funds. And then there are the mining stocks. A lot of times we will get our allocation to silver and gold through mining stocks, where companies can actually

produce a dividend. And we're getting that exposure through ETFs, for a 5% allocation in portfolios.

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