Your Portfolio Could Use This Investment as a Powerful Insurance Policy

There are very few real counterbalancers available in an asset bubble like the one being blown today by the Fed and other central banks.

One investment I have found to be reasonably reliable as a counterweight insurance policy is precious metals, specifically gold and silver.

Is there downside risk in buying metals? Of course. Here's how I previously explained that risk:

> *Relative to gold, silver is cheap. The higher the gold/silver ratio, the cheaper silver is. The historical gold/silver ratio has been 15:1. Today, it is 53:1. Central banks do not own silver, which they could dump on the world market to depress prices. This is a big plus for silver. Silver trades at about $32/oz. The structural low is about $10/oz. There conceivably is a significant downside risk. My strategy is to pick away slowly over the next few years, hoping that I'll get an average price on my purchase well below $32/oz. Who knows? Silver and gold are insurance policies that I hope I will not need. What I buy, I will not sell. And I am buying with the hope that the price of my insurance will decline, not increase. Year to year, I am a hesitant, reluctant seller of any investment.*

Today, the gold/silver ratio is over 90.

I want you to think of the silver and gold in your portfolio as an insurance policy. If it goes down, you may be better off because the prices of your stocks are going up.

If you would like to learn more about how Richard C. Young & Co., Ltd. views precious metals as a portfolio counterbalancer, click here to sign up for our monthly client letter. The letter is written by my son, Matt Young, who has led our family-run investment counsel firm for over twenty years.