



Gold, silver, savings accounts can help limit your losses

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Protecting yourself from investing in financial land mines is no easy task in this volatile market.

"I'm battered, beaten and still standing," quipped Denver financial consultant Dennis Clark on Thursday afternoon, after the Dow closed up more than 400 points, returning most of the losses suffered on Wednesday.

"What do you invest in today? That is the burning question on everyone's mind," said Clark of Capital Asset Management.

It's not easy picking a winning strategy when so many losers litter the landscape.

"There is not really any asset class in the world that has not been on a downward trend this year," Clark said. "But, of course, you did want to be in the market today."

The Dow rose 410 points.

Clark sees value in some sectors such as energy, consumer staples and certain pipeline companies.

"Some of these pipeline companies are giving you an 8 percent or 10 percent yield," Clark said. "They are pretty much gatekeepers who are paid to move the product, so the price of oil or natural gas doesn't make that much difference."

However, the rapid rise of oil to about \$147 a barrel this summer was a classic "bubble" before it retreated to below \$100.

Patrick Peternahaus of Focused Financial Planning in Boulder said if you are looking for a truly safe haven, park your money "in a savings account in a federally insured, solid bank like Wells Fargo. That is about as safe as you can get.

"Of course, the risk you are taking in a safe haven savings account, at Wells Fargo or any other big solid bank, is that you know the market is going to come back and you're going to miss out on that."

Still, he said, many of his clients are now 25 percent in cash, while typically they might have only 5 percent of their holdings in cash.

He said he's not trying to time the market, rather, he hasn't been aggressively investing the money as it has been coming in this year.

"I'm probably going to miss the absolute low in the market," when he starts to put the money to work.

Gregory Robert Anderson, principal of GRAnderson in Cherry Creek, said that year-to-date the investment strategy he subscribes to is down 1.5 percent, compared with a 16.93 percent drop in the Dow and a 17.85 percent drop in the S&P 500.

His strategy is to use international bonds and put options as core holdings to preserve and protect capital. Put options give the buyer the right, but not an obligation, to sell a stock at a pre-determined price and are used as a hedge against falling stock prices.

In addition, he has what he calls "satellite investments" that include things such as nonpublicly traded real estate investment trusts and equipment-leasing companies.

He thinks the current market will create buying opportunities. Anderson said there may be bargains in energy and some of the bigger technology companies, but he said it still appears too early to buy financial companies.

In an unusual twist, both stocks and gold surged Thursday.

There has been so much demand to buy gold at Rocky Mountain Coin that the company is not taking phone orders. "We can't handle the volume," said Klaus Degler, president of the company, which has stores at 538 S. Broadway in Denver and 9625 E. Arapahoe Road in Greenwood Village.

"If you have got silver or gold, bring it on down - we're paying premiums," Degler said.

He said he thinks silver is an even better deal than gold.

Degler said he thinks investors should keep at least 10 percent of their portfolios in precious metals - gold, silver and platinum.

"It's an insurance policy," Degler said. "Precious metals are not AIG or Merrill Lynch or Lehman Brothers. You know that they are not going to go down to nothing."

Mark Brown, a principal of Brown & Tedstrom Inc., said he doesn't make investment decisions based on the recent "feeding frenzy" mentality of the market.

Rather, he said, he determines the mix of stocks and bonds for his clients by how much of their portfolio they are withdrawing to support their lifestyle.

If they aren't tapping any of it, or a very small percentage, he might have them 80 percent in stocks and 20 percent in bonds. If they're taking out 3 percent or 4 percent annually, he might keep 60 percent in stocks, depending on their assets and risk tolerance.

"The withdrawal rate is the driver, not the market conditions," Brown said.

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Safety zone?

Looking for a safe place to park your money, other than between the mattresses? Here are a couple of so-called safe-harbor investments.

* **Gold:** Gold is insurance against worldwide turmoil. It rose Thursday after posting its largest one-day price jump ever on Wednesday. But beware. It can go into a free-fall as fast as it rises.

* **Oil:** Oil is trading below \$100 a barrel, a far cry from the \$146 range in early July. Some experts think it could touch \$70 this year, as the economy in China slows and demand in the U.S. tapers. But many national experts anticipate it could be \$300 a barrel by 2015, so long term it could be a good bet.

* **Treasury bills:** Treasury bills are considered one of the safest short-duration assets. But demand has been so high that yields on three-month Treasuries briefly dipped into negative territory for the first time since 1940. Investors are so focused on parking their money in safe assets that they're willing to take very little return on such investments.

* **Silver:** Global demand for silver will continue to outpace new mine supply, which is good news for investors. Increases to industrial and investment segments of global demand will more than offset continued declines in the photographic segment over the next few years, experts contend. Silver is used in industrial applications, photography, jewelry, silverware and coins.

* **Savings and checking accounts:** Perhaps the safest of all investments, as long as it is in an FDIC-insured account. "Cash is not trash," is the current mantra of those who want the ultimate in safety and liquidity. But you'll trade safety for low returns, and in real dollars your money can be eroded by inflation.

* **Stocks:** We have to mention this, if only because over the long term, stocks mostly do appreciate. The risks can be great, but so are the rewards. Want risk, with potential for returns? Try Apple and GE. And McDonald's is an up- and-comer, given people's penchant for cheaper meals.

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