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Mitchell Ratner, Steven Klein

The Journal of Investing Spring 2008, 17 (1) 77 - 87
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This article investigates the use of gold as an investment asset. The data consist of U.S. and foreign equity returns from 1975 to 2005. The results indicate that investment in gold is inferior to a simple buy-and-hold strategy of U.S. equities over the long term. Gold is often believed to provide potential as a defensive asset, given its low correlation with U.S. equities. However, a portfolio optimization technique using actual and simulated data indicates that the long-term portfolio benefits of holding gold are marginal at best

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