



Newsletter – November/December 2025

Lets start with some good news. Our allocation to gold has been successful as the price of gold has significantly risen over the last year, indeed over the last two years. Here are the numbers in US dollar terms for both gold bullion and gold mining shares, as measured by the gold miners index (GDX).

Date	Gold Bullion		GDX	
1 Jan 2024	\$ 2,043		30	
31 Dec 2024	\$ 2,624	+\$581	35	+5
Year 2024		+28%		+17%
31 Dec 2025	\$ 4,317	+ 1,693	85	+50
Year 2025		+ 64%		+140%

As you can see the price of gold moved ahead first in 2024, with the miners lagging and then gold had a very strong 2025 and the gold miners soared. The most important factor in an investment portfolio is the asset allocation and because we had a meaningful gold allocation at the start of 2024, not a timid 2 or 3% as is often the case, the benefit to us has been meaningful. I highlighted some reasons for this move up in the gold price in my following newsletters of 2025.

Mar 2025 explained some reasons for the rising price and mentioned the possibility of the USA making a huge revaluation of their gold reserves.

<https://timunderwood.com/wp-content/uploads/2025/04/2025March-Report-1.pdf>

Apr 2025 expanded on these reasons and the likelihood of lower interest rates.

<https://timunderwood.com/wp-content/uploads/2025/05/2025April-Report.pdf>

May 2025 made a simple chart to answer the question ... when to sell gold ?

<https://timunderwood.com/wp-content/uploads/2025/06/2025May-Report.pdf>

Aug 2025 mentioned the potential of gold mining shares as well as bullion

<https://timunderwood.com/wp-content/uploads/2025/10/2025Aug-Report.pdf>

Sept 2025 pointed out how investors hold very little gold.

<https://timunderwood.com/wp-content/uploads/2025/10/2025-Sept-Report.pdf>

Oct 2025 pointed out the increasing demand for gold by central bankers

<https://timunderwood.com/wp-content/uploads/2025/12/2025Oct-Report.pdf>

So all year I have been suggesting gold was an important asset allocation and here we are at the begining of 2026 and gold is at \$4,317. What now and how does the investment world look for 2026 ?

When I did my MBA (many years ago) an analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) was all the rage, so lets have a go today!

Strengths

Clearly gold is showing great strength as has been mentioned above. On the one hand investors might think it is too expensive now, however the term "expensive" is relative and for those who have yet to add gold to their portfolio, it might only get more "expensive" in the future. Central banks are the key. As they continue to lower interest rates, expand debt and financial concerns continue, the demand for gold will support the price.

Weaknesses

Clearly top of the list here are the European economies. Euroland and the UK are effectively in recession already and their energy policies are grinding down manufacturing businesses. The era of cheap power from Russia and high demand for German goods from China has clearly passed. The EU and the UK are also running up bigger and bigger debts which threaten financial stability.

Much is made of the AI companies in the USA creating a bubble in some US shares and valuations are clearly high. While a correction lower at some point is likely these companies are not start ups like in the year 2000 dotcom bubble. The real problem with this sector is the huge demand for power from the massive data centres.

Opportunities

Gold and gold miners were great opportunities in 2024/25. Also worth looking at is the chart in my newsletter of Apr 2024 which suggests this opportunity is not over.

<https://timunderwood.com/wp-content/uploads/2024/06/2024-April-Report.pdf>

An interesting area is China as it moves from the world manufacturing hub to an economy leading developments in many new areas. It has control of the so called "rare earths" and is investing in all sorts of advanced areas. It has also in 2025 accumulated a huge trade surplus (\$ 1 trillion) as it has "dumped" goods in the USA and Europe. These US dollars support their currency, but perhaps they will sell them buying gold? (eg. global annual production is 3,000 metric tons at \$4,000 oz = \$400 billion!)

Threats

In early 2022 when Russia invaded Ukraine the Western governments and the EU in particular froze Russian State assets held in banks in the West. In 2025 the EU decided to take the interest on these assets and give it to Ukraine. This is called theft. The EU has very recently decided to not take the capital amounts, but make their release all but impossible, effectively blocking them. These actions are being noticed by investors globally and in the future they will have a more cautious view of placing their national assets in the Western financial institutions. The implications could be huge and long lasting.

Added to this is the ever on going problem of the Euro and the policy of setting one monetary policy for the whole Euro block. The EU crisis of 2010/12 was not solved but simply covered by massive ECB bond buying. The ECB again bought massive amounts of bonds in the CV19 lockdowns and all this debt is still held by the ECB. The system has in built problems and therefore as more and more debt is issued in Europe, as it is now, at some point the very sustainability of the Euro currency will be threatened again. Then some Euro members may leave with unknown consequences!

Summary

Last year was successful due to the allocation to gold linked assets. Of course nobody knows what will happen in 2026 but gold still has an attraction. So do some other assets, but equally important in the asset allocation is the decision what assets to avoid. The investment world always changes and it is necessary to adjust in light of this fact.

Taking into account of course an individual's objectives, situation and time frame.

Best wishes for 2026

Tim

3 January 2026