Trustnet 'Gold' article – 17 Aug 2026

https://www.trustnet.com/news/13482742/why-this-manager-is-taking-his-gold-position-to-more-than-10

Trustnet
Powered by FE fundinfo

Why this manager is taking his gold position to more than 10%

17 August 2026

RC Brown has built up its gold position to 7.5% of client portfolios and wants to take it higher still.

By Matteo Anelli
Deputy editor, Trustnet

Gold has had a volatile year, surging 14.1% in January to a record of almost $5,600 per ounce before retreating sharply and then recovering to around $4,400. For Wilf Blake, investment manager at RC Brown, the swings have done little to weaken the case for holding the metal – if anything, recent events have made him want more.

He is already running a 7.5% allocation to precious metals across client portfolios but said recent market signals have only strengthened his conviction that it should be higher.

"I have approximately 7.5% in a mix of physical gold, physical silver and gold and silver miners in client portfolios," he said. "I'm almost disappointed we've had this big move because I'd like to take that up to 10-12.5%."

This allocation is justified with two arguments: one in fixed income and one in equities.

In fixed income, his argument centred on the state of US debt. On 31 July, US Treasury secretary Scott Bessent intervened in the currency market to support the yen by effectively leaning against further dollar strength and stabilising disorderly forex moves.

This, in Blake's view, is a signal that pressure is building in the US funding and bond markets, where the Treasury is increasingly constrained in how it finances itself.

For the investment manager, this is one of the factors behind gold's recent move.

"There was a bit of a lag [between the two events], but when people dug around as to [Bessent's] motives, they realised there's a serious problem in the US bond market," he said.

"They're in a complete bind. All their borrowing has to be at the short end because they can't issue long-dated paper, because people are petrified about all the deficits – their position is a mess."

And if long-term buyers of US debt are stepping back, the only remaining adjustment mechanism is inflation.

"The only way out of the debt, logically, is to inflate. The only other way is a debt jubilee [debt cancellation or substantial forgiveness], but you can't do that because it's so deflationary."

That, in turn, is what elevates gold from portfolio insurance to something closer to a monetary escape hatch.

"The game's over, because the debt-based system is built on more and more debt, which started in 1971 when Nixon closed the gold window temporarily [on August 15]. We now have this huge Jenga tower and the authorities don't know which Jenga brick is the one that brings the whole thing down," Blake said.

"So your only true protection against the paper currency shambles is physical gold, and if you're a bull of physical gold, you probably want to have a few gold and silver miners to provide a bit of oomph."

It is this combination – systemic debt stress and policy constraint – that explains why he is actively trying to increase exposure even after a strong run in the metal.

But gold is only one side of his broader positioning. The other is a deep scepticism about the current equity narrative, particularly anything tied to artificial intelligence. He sees the present market environment as uncomfortably reminiscent of past speculative peaks.

"If you dig into some of the aspects of 1929, it has a very similar backdrop to what we're seeing now," said Blake.

The 1929 crash followed a period of rapid economic growth and soaring asset prices, fuelled by widespread speculation and easy access to credit. The subsequent collapse ushered in the Great Depression and caused enormous losses for investors. Blake sees echoes of that speculative excess in today's markets, particularly around AI.

The concern is not simply valuation, but the scale and structure of capital being committed to AI – and the feedback loops that support it.

"I see it myopically, looking at AI. It's just part of the psychosis that everybody is cheerleading, because really, if it's not a success, the ramifications are enormous because of the amount of money that's been poured in," he said.

He was particularly critical of what he sees as increasingly circular financing within the sector.

"It's just a merry-go-round: Google lends money to OpenAI, then gets it back and books it as a profit. The whole thing's a nonsense, really, if you really start digging around in it."

And it's not just in the US – Blake is increasingly focused on how index concentration in Asia and emerging markets is mirroring the same dynamic, with a small number of large stocks driving headline returns and increasing correlation with US tech.

"I'm an AI sceptic. I find that I'm very concerned about the correlation between, say, the MSCI Asia Index or the EM Index – because of the concentration risk it's correlated closely with the S&P 500, or Nasdaq certainly," he said.

Korea is the most obvious warning sign.

"In Korea it's rampant speculation. Unfortunately, the Korean government have got themselves in a muddle by encouraging people to punt around in the stock market, which is pretty unhealthy," Blake said.

"So, I just see that all the ingredients are building for a problem, and when you're constructing portfolios, I'm always trying to identify where the correlations are, because if it unwinds – or when it unwinds – it's going to be pretty painful."

Blake is underweight US equities, cautious on AI-linked exposure and more willing to look for value in less crowded parts of Asia and emerging markets.

"There's no question I'm positioned anti the AI trade and you can see it in my performance," he says. "Last quarter was very strong in US equities and I will lag that, but the first couple of months of 2026 and last quarter of 2025 I was way ahead of the peer group because of that positioning and also having precious metals."