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## 5 investments brighter than gold

The lustrous metal gets most of the publicity, but platinum is richer, and several other metals look like better investments. Or consider comic books, which can be worth far more than their weight in gold.

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Move over, gold. You're no longer the most precious kid on the block.

Oh, you've served your purpose well of late, providing a haven during the white-knuckle days of the [financial crisis](#). You had a huge run-up last year, to about \$1,200 an ounce. You still star in countless commercials on talk radio (both left- and right-wing) as a safeguard against doomsday.

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But the simple truth is that there's stuff out there that's more useful than gold, more rare, more likely to rise in price, or all three.

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That stuff can include old paper -- if it comes with the right pictures of Superman or Batman. Landmark comics that sold for a dime in the 1930s can go for more than \$1 million today, a gain no metal can match.

Then there's a metal like platinum, which tops [Silver or gold?](#) gold on three fronts: [Go to MoneyShow.com](#)

Platinum can also serve as a store of value and a hedge for the doomsday crowd, but it's worth more per ounce.

Platinum is more scarce than gold, so it's likely to remain more pricey.

And more than gold, platinum is a key ingredient in much of the stuff consumers will buy more of as the economy recovers, such as cars and flat-screen TVs. So demand for platinum is likely to grow more quickly than demand for gold, taking prices up faster.

Several other rare metals, including seemingly pedestrian silver, share some of these advantages.

Investors can play some of them through [specialized exchange-traded funds](#) and metals in general through mutual funds like the [Midas Fund \(MID SX\)](#) or [World Precious Minerals Fund \(UNWPX\)](#).

"Gold is bought primarily as a [financial asset](#) and a hedge against economic, financial and political problems," says Jeffrey Christian of CPM Group, a New York research firm that forecasts prices of precious metals. "Our view is that while there are still a lot of problems out there, we are into an economic recovery and the banking system is more stable. So we're more bullish on platinum, [palladium](#) and silver than gold."

Of course, gold, now trading just below the \$1,200-per-ounce record set late last year, could be in for another move up. But here's a look at stuff that might make you money more quickly right now.

### Platinum and palladium

Pricier than gold at around \$1,740 an ounce, platinum is probably familiar to you as jewelry. But the biggest use of this silver-gray metal is in catalytic converters, where it helps burn off hydrocarbons in car exhaust. Here, demand is booming. Vehicle sales in China were up 56%, to 1.7 million cars and trucks, in

March compared with a year earlier. As the recovery continues, demand for vehicles will pick up in the U.S., Europe and other big markets.

Platinum is also used in making flat-screen televisions and aviation fuel. And like gold, it can serve as a store of value for investors nervous about a crisis or inflation.

But there's less of it around than gold. "I don't know of any mineral that has supply this restricted and is so essential for the economy," says **Platinum Group Metals** ([PLG](#), [news](#), [msgs](#)) CEO Michael Jones. "I think the market for platinum is going to be extremely robust."

Here's another reason demand is rising: At the start of this year, a new exchange-traded fund, **ETFs Physical Platinum Shares** ([PPLT](#), [news](#), [msgs](#)), became available to U.S. investors, putting more pressure on supplies. Just as gold ETFs drove up prices for the yellow metal, this one should do the same for platinum, Midas Fund manager Tom Winmill says.

So far, the new platinum ETF has sucked up 320,000 ounces of platinum, or about 5% of the 7-million-ounce annual production. "If another 5% is absorbed, the platinum market can really start going vertical," Winmill says.

Automakers, for one, will pay virtually any price. Catalytic converters are required equipment, and even if the cost of one goes up \$100 to \$400, it won't have much impact on the overall cost of making cars and trucks.

Supply is tight because about 80% of the world's platinum comes from a small area of South Africa. It's tricky to mine because it is so deep and because the electricity supply is unreliable in that nation.

Plus, deep deposits mean it takes years of planning to start a mine, so new supply won't be coming online soon. (It's also mined in Russia, but investors are reluctant to invest there because of fears the government might take over mines, CPM's Christian says.)

All of this is a recipe for rising prices. Winmill thinks platinum could hit \$2,000 per ounce by the end of the year from recent levels of about \$1,740. He's so bullish that 20% of his Midas Fund is invested in companies that mine the metal, compared with normal exposure of zero to 10%.

Apart from the ETF, Platinum Group Metals is an option for investors. It's currently shopping for financing, so shares might be volatile near term. But it has decent potential long term because production costs may be as low as \$530 an ounce, well below market price.

Palladium has a similar story: The silvery metal is also used in catalytic converters, and there's limited supply but increasing demand as the economy improves. It is cheaper than gold, but Christian thinks palladium could hit \$600 an ounce in a year, from recent prices of around \$550. One risk is that it's unclear how much palladium is in warehouses in Russia, a big producer.

There's also a new ETF here: **ETFs Physical Palladium Shares** ([PALL](#), [news](#), [msgs](#)). Frank Holmes, the manager of the World Precious Minerals Fund, also likes **Stillwater Mining** ([SWC](#), [news](#), [msgs](#)), a play on platinum and palladium production in Montana, and **North American Palladium** ([PAL](#), [news](#), [msgs](#)).