

April Commentary

A Cheeseburger in Paradise and Making Hay

Balancing Purity, Practicality, and Portfolio Reality

A couple of weeks ago, a good friend and I engaged in a discussion about the various ways investors can gain exposure to precious metals and other commodities. It was a lively exchange, and we bantered for what felt like hours, though it was probably closer to twenty minutes until we abruptly shifted to the subject of golf. The early part of the conversation primarily focused on buying gold in some form as a hedge against inflation or, as he put it, as protection from “economic Armageddon.” I argued for using Exchange-Traded Funds (ETFs) for that exposure, while he strongly advocated holding physical gold. His claim: physical gold would provide a much “purer” form of diversification compared to a paper or computer-based security traded on an exchange. After all, he reasoned, if the goal is to hedge against the U.S. dollar, why would you invest in something that is denominated and traded in the very currency you are trying to avoid? Well... when you put it that way.

So, let’s take a couple of minutes and focus on the shiny stuff we call gold. I have to believe holding significant physical amounts would present a massive logistical, accounting, trading, and storage headache for most investors who want a sizable portion of their wealth as part of their overall allocation. And imagine the regulatory nightmare for investment firms and banks that decide to start

taking physical delivery of truckloads of gold for clients. A company could have hundreds, even thousands, of account relationships with oodles of glittery bars, coins, or nuggets. Really. Think about the due diligence requirements, the extra staff, the physical space, and the accounting that all this gold in various locations would demand. Oh, and I expect clients would want the assurance of armed security and insurance to guarantee that their holdings don’t go missing. Shoot, clients should expect the firm to regularly “vault check” their “booty,” ensuring it is still there and kept separate from other clients’ spoils. At least that’s what I would expect.

Stick with me for a minute longer, and I will make my case using a simple analogy. Imagine you are in the mood for a delicious cheeseburger (interesting how so many of my examples revolve around food, isn’t it? Oh well.) You can take your pick of a nearby Cook Out/Whataburger/In & Out/Five Guys restaurant, or you can hop on a plane to a fancy Michelin-starred restaurant in Europe that slaughters its own cows, makes its own Gruyère cheese, and bakes its own bread. [A burger from the first set of options costs less than \\$10.](#) If you’re concerned about the cost of traveling to a European restaurant solely for a cheeseburger, it’s likely beyond your budget. I know it’s beyond mine and something I would never consider. Using that

as our backdrop, I would argue that when it comes to investing in precious metals and other commodities, investing in an Exchange-Traded Fund (ETF) is like going to the Cook Out/Whataburger/In & Out/Five Guys. Convenient, relatively budget-friendly, and still surprisingly good. Sure, you might not be getting the absolute best cheeseburger in the world, but it is still better than no cheeseburger at all. Perhaps this YouTube clip from Iron Man (2008) sums it up best: www.youtube.com/watch?v=Vjb2uEq3sUE.

I chose to write about this topic because I am certain I will need to rely on this argument in the near future. I am not referring specifically to my silly cheeseburger illustration, but rather to the idea that the narrative surrounding commodities and natural resources is unlikely to fade anytime soon. In fact, I believe it will continue to grow. It's simply a matter of intuition and basic arithmetic (for all you Millennials and Gen Zers out there, that's a fancy way of saying math, ha!). Here's why: according to the website worldpopulationreview.com, the world population is just shy of 8.3 billion people. Experts project that humanity will increase to over 9.7 billion in the next 24 years. That's an added 1.4 billion mouths to feed, clothe, house, and provide for by 2050. This is in addition to the 8 billion people who will continue to consume significant amounts of food and other goods, including me. Someone or something will need to grow more food, chop more trees, drill for more fuel, dig for more metals, and, to be blunt, process even more animals. Now, I would like to ask: Who out there wants a new mine, solar farm, slaughterhouse, oil derrick, gas pipeline, data center, chicken house, or something similar in their neighborhood or backyard? Having once lived near cow pastures during my childhood, I can admit it wasn't all that bad. In fact, my friends and I had many "adventures" and "escapades" in those pastures. I'll leave that right there and to your imagination.

The demand for various resources is expected to increase due to current trends and population growth. I mean, it's just a numbers game, right? There will be more people, and we will need more resources. For some countries, this surge in

demand may be exponential, while for others it may be more muted. If history is any guide, and I am supposed to say this isn't always the case, then human ingenuity will discover ways to increase the supply of what the market wants and needs. However, I can't help but be cynical that the world's politicians and bureaucrats will screw the situation up, complicate it, and waste resources. So, in the end, even seemingly boring things like fertilizer, copper, wheat, silicon, gallium, lithium, and drinking water may gain significant attention and become extremely lucrative for savvy businesses. While the above is just a brief list, there could be many other needed resources that entice a new wave of entrepreneurs.

According to www.census.gov/popclock/, the estimated U.S. population at 8:41 pm EST on Saturday, May 16, 2026, was 342,505,293. If we assume our population grows at roughly the 2026 estimated [annualized rate of 0.50%](#) for the next 10 years, in a decade, there will be nearly 364 million people in our country. That will be well over 22 million more mouths to feed. Of course, it's important to note that these are back-of-the-napkin estimates, and no one, including myself, can predict the future with absolute certainty. Still, the estimated numbers are massive. Taking it even further, I conducted a Google search for "pounds of food per person per day in the U.S.," which resulted in an 'AI overview' that said: "[The average American consumes roughly 3 to 5.5 pounds of food per day...](#)" Now let's use the aforementioned arithmetic and allow the numbers to tell the story: 22 million more people (the 10-year increase) × 4.25 lbs. of food (midpoint of the Google AI estimate) × 365 days = 34,127,500 lbs. of food. Given that there are 2,000 lbs. in a standard ton, the U.S. food industry will need to produce over 17 million more tons of food in the next 10 years to feed hungry Americans, in addition to current demand. That is going to require more energy, more fertilizer, more containers, and a lot more thoughtful ingenuity. And this figure only accounts for the United States, which is already considered wealthy by global standards. Likewise, what does that mean for consumption growth in other countries if their economies grow even faster than ours? In short,

barring some truly horrible event, there is a real chance we will see a significant increase in global demand for just about everything over the next few decades. If resource-rich and agriculturally advanced economies can get out of their own way and let the market dictate outcomes, they could “[make a lot of hay](#)” (pun intended) and be very prosperous. That is, of course, a big IF.

The bottom line: a recent conversation with my good friend was about the physical custody of precious metals, particularly gold. But in the future, investors could just as easily be asking themselves and their advisors the same questions about grains, base metals, coffee, steel rebar, so-called “rare earths,” and a whole host of other natural resources and commodities. The next question might be, “Hey Lackmann, where do you store wheat, soybeans, and zinc for your clients?” I’ll answer something like, “I’m getting too old for this.”

And you know what? I probably will be. But I will also remind them that being a successful investor doesn’t require the perfect asset or perfect timing. It’s kind of like dining on a tasty cheeseburger from a local Five Guys!

Until next month—

by David Lackmann

Florida Director of Investment Management



www.FirstAmBank.com

Illinois | Florida | Wisconsin

Not FDIC Insured | Not Bank Guaranteed | May Lose Value