



Investment Manager Comments

The RIO ARC Bullion Account (USD) posted a small loss of 0.20% during March and although the return is a negative it outperformed hold-in-hand gold, which lost 1.73% in the same period. Since launch the ARC has produced a total return of 71.12%, this is excellent and it far exceeds the performance of the benchmark return. Importantly, the account also remains the top performing bullion investment in the world, in USD terms.

Investors realise the benefit of gold's role as a diversifying asset, in part due to its low correlation to most mainstream assets, and for its attraction as a hedge against systemic risk and strong stock market corrections. Today many mainstream investors see bullion as a store of wealth and as a currency hedge against fiat money. It is important to note that gold has historically improved the risk-adjusted returns of portfolios. It can and often does deliver positive returns while reducing losses, and provides liquidity to meet liabilities in times of market stress. It is thus a valuable asset class to add to an investment portfolio, especially given the current geopolitical turmoil. Another advantage is that Bullion is outside of the banking system. When your investment or pension is converted into physical gold, it is essentially being removed from the banking system and any counterparty risks associated with it. This has massive benefits should the financial system itself come in to question. It is perhaps telling when I say that during 2018 central banks bought more gold than in any year since 1971, importantly this was the year when the then acting US President Nixon unpegged gold from the US dollar ending the so called Gold Standard.

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