



Investment Manager Comments

The RIO ARC Bullion Account (USD) produced a small gain in January, up 1.52%.

Having acquired gold last month on the 7th at \$1,249, I sold 10% of the metal held at \$1,349.81 on 24th January, since Bullion looked overbought. This both added to the Account's cash reserves and afforded the banking of profits taken. Looking back at 2017, The ARC produced impressive results, in doing so fully achieving its goal to outperform its benchmark return, namely physical Bullion.

The recorded statistics clearly show that this investment product has significantly outperformed hold-in-hand-physical bullion having recorded 61.63% since the launch of the product in October 2013.

Looking ahead to the first quarter of the year, the Account is now uniquely positioned holding a strong cash reserve. It is ready for buying into any retrenchment during February 2018. This is important as I expect a small pullback in February before the metal revisits its recent price range.

As we see the start of tax cut plans going through in the US, it remains to be seen whether the Fed will, as planned, aggressively tighten its view into 2018. Personally, I remain unconvinced that the tax reform will establish the type of growth anticipated. More importantly, I do not see the Fed being as aggressive in 2018 as in 2017.

That said, the Fed are likely to go ahead with rate hikes, but I disagree with mainstream analytical forecasting on the number of hikes namely three to four.

In my opinion it would need a big shift in growth in the U.S. economy and even more fiscal stimulus out of the Trump Administration for this to happen. It is obvious that the market is nervous.

I strongly underline and advise members that the market conditions are in a prime condition to hold Physical Gold bullion as insurance -the RIO ARC Bullion account being ideally suited for this purpose.

Gold

Gold could easily move 3% from where it is trading at present. The move can be either way. I have sold 30% of the Fund's bullion holdings and, accordingly, am ready to buy back in, should we see the move lean more to the downside. The metal ended the month recovering from a one-week low as the dollar reversed gains and bond yields came off highs.

On the upside, gold has held above the \$1,297 figure in recent weeks, should it remain above \$1,300 as we enter mid February we will likely see the rally continue. I remain long-term bullish, but am short-term bearish.

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The RIO Club