



Investment Manager Comments

The RIO ARC Bullion Account (GBP) recorded a gain in January 2019, adding 0.76%.

It is important to note that this investment outperformed its benchmark return (untraded physical gold) for the whole of 2018, and in doing so posted a net gain of 11.01% for the year, compared with the benchmark which posted a return less than half of this at 4.40% over the same period. In short the figures show that the ARC produced a stellar performance in 2018, exceeding hold in hand untraded gold's return by over 100%. Such outperformance is rarely seen in the investment industry.

These impressive returns are the reason that the ARC remains the top performing physical bullion investment in the world, in Sterling terms. Statistics show that, since launch, the investment has returned 90.34% and, by direct comparison, hold-in-hand untraded physical gold has returned 31.24%.

Gold - Following a slow start to 2019, the gold market 'woke up' on Friday the 25th as gold's value rallied more than 1%, its best performance since early November. Looking forward with ongoing Brexit concern, there is plenty of reasons that we could see gold rally further. It is perhaps obvious to state that gold's performance in the near term will be heavily influenced by perceptions of risk, the direction of the dollar, and the impact of structural economic reforms. Currently, I believe that these factors are likely to continue to make gold very attractive to investors seeking a safe haven.

The above should be the ultimate wake up call to mainstream investors (those who are not RIO Club members) that gold can act as insurance for an investment portfolio during tough times. I guess these same investors, who have witnessed their stock-based savings take a 10-15% haircut in the same time period, will now perhaps realise that holding gold to hedge risk may make sense!

In addition, as we see China once again adding to their central bank gold reserves, importantly doing so for the first time in two years, this also will support the gold value. I draw particular attention to the fact that China has changed its approach to the market and have been very transparent with their purchases. Should they continue this behavior then this will be yet another positive for the metal and could potentially send values higher.

It's not just China we see entering the game, many central banks of the main economies are continuing to buy gold to diversify their foreign reserves and counter balance fiat currency risk. Particularly the emerging market central banks who tend to hold high allocations of US treasuries. I end with the fact that central banks' demand for gold in 2018 alone was the highest since 2015 and that is a telling story. With a wider group of countries adding gold to their foreign reserves for diversification and safety, this bodes well for the price of gold going forward.

Any RIO member not already invested in the ARC Bullion Account should take time to consider adding this holding to your investment portfolio.

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The RIO Club