



The Account has continued to show a positive start to 2016, posting a net gain of 14.19% in the first four months. Gold volumes had fallen in March and we witnessed forecasted profit taking in line with my forecast the month before. Accordingly, I sold 45% of RIO ARC's physical Gold to cash in February ahead of a market fall.

My confidence that we would see profit-taking was underpinned by the fact that bullion had rallied to over 880 an ounce, being clearly overbought. Plainly, it had risen too far too soon. The metal had witnessed its strongest start to a year since 1974 and, in my opinion, a correction was to be expected. Bullion indeed fell back, hence the net result of selling to cash proved financially beneficial. Having correctly predicted the gold correction, 50% of the cash position was reinvested to acquire the metal at £853.41 an ounce on Tuesday, 29th March, as mentioned in the March Fund Manager's comments. This newly acquired gold was sold at 877 on 21st April.

The sale to cash and reacquisition of the metal reduces risk by protecting the gains, one reason why the ARC remains the top performing physical bullion investment product in the world (in Sterling terms). The success seen this year can be attributed in part due to the fact that I constantly aim to limit the risk taken in order to produce and protect gains, in short limiting the downside risk. This strategy has been successful in terms of the goal 'to make money for members invested.

William Gray  
Fund Manager