



Account Manager Comments RIO ARC USD

The ARC produced its best month of the year gaining 3.35%. Since launch, the ARC has outperformed 'buy and hold' physical gold and during the past 60 days alone the out performance has increased by over 10%.

This stellar performance has underlined the true status of the investment. During July, China reported its gold holdings for the first time since 2009. There are many gold experts who feel that this was vastly under-declared. Since 2007 China has been the largest producer of gold, currently 400 Tons a year, none of which is exported. In addition, they also became the largest importer of gold in 2014 and, therefore, it clearly looks like another under-declaration by the Chinese Government, this occurring as currency wars continue to escalate.

A little reported fact is that gold was declared a Tier 1 asset in January 2013 (a Tier 1 asset is seen as money, which means financial institutions or banks can borrow 100% against the gold they hold). Gold previously held a Tier 3 asset classification, meaning that borrowing against it by banks or financial institutions would be limited to a maximum of 50%. Looking forward, September is historically a good month for gold due partly to India's wedding season.

This year could be very interesting because of the IMF meeting on Yuan which is scheduled for October. A change in this currency's reserve status would negatively affect the USD, which in turn could favour gold.

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