



Investment Manager Comments

During May, the ARC Bullion Account (GBP) gained 1.39%. The account has produced a 64.25% gain overall since its launch in December 2014, which means that it has outperformed its benchmark return (standard hold in hand untraded physical Gold) by 36.53%. These very strong returns has kept the account in the prime position as the top performing physical bullion investment in the offshore market, in terms of Sterling gains produced since launch date.

Notable trades executed in May

Having sold Gold on 30th April at 978.32, I reacquired the metal at 941.50 on 9th May. The recovery was swift and the position reversed on 26th May when I sold 60% of the bullion acquired at 984.28.

Looking ahead

The bullion price will remain supported due to the political risk in Europe. The all-important German election is looming, against a background of parties of dissent making gains. The re-election of the incumbent Angela Merkel is far from certain although tipped as likely. The elections in France are over, with France's youngest ever president now in power. The Macron victory heralds a likely massive change in France's political landscape.

The political uncertainty across Europe is likely to have a significant impact on demand for safety assets, which, in turn, would likely see bullion move higher.

In addition, there is the fact that the UK has called a snap election, with Theresa May's Conservative Party lead over Labour dropping from 20 to 5 points. Sterling consequently lost ground this past week, falling from 1.30 to 1.2830 against the Dollar as the 8th June polling day approaches.

If a "hard Brexit" were enacted, this would impact further on the price of gold, sending it higher.

William Gray
The RIO Club