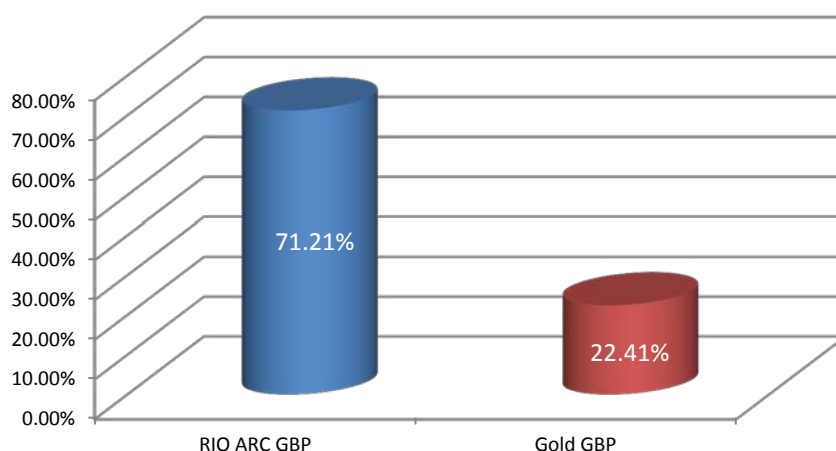




RIO ARC BULLION ACCOUNT (GBP)



Since Launch, 01/12/14 to 01/03/18

Investment Manager Comments

The ARC Bullion Account (GBP) gained further ground during February, up 0.41%, despite the fact that the market price of gold ended the month losing 0.10%. This underlines the reason to invest in the ARC Account, since the active trading invariably outperforms any buy-and-hold investment strategy. The continued outperformance against the benchmark return (untraded physical gold) confirms the fact.

As statistics for the twelve month period (February 2017 to February 2018) show, RIO exceeded the set benchmark return by over 11%. In short, the ARC Bullion account produced a gain of 5.14% against a buy-and-hold bullion return of -6.26%.

Looking back, we can see that the active trading throughout the year mitigated almost all of the metal's downside. The figures confirm this that, since launch, the ARC Bullion Account's return has been 71.21%. A further scrutiny of recorded statistics reveals that the Account has surpassed its benchmark return by 48.80%.

I would bring attention to the fact that the strong gains produced by the ARC since inception have kept the ARC Bullion Account in prime position, and it remains the top performing physical Bullion investment in the world in Sterling terms, the return on investment being based on the absolute value of the total returns produced since launch.

Looking ahead, there are several factors favouring a continued bullion rally, for instance the ongoing Brexit negotiations. Should we see any further delay in the negotiating timescale, and/or a move towards a hard Brexit, this would almost certainly result in a gold rally. Investors fear uncertainty because it leads to market volatility and, given the UK's increasing political turmoil, which has led to a status of today's "will they, won't they" of Brexit, this is likely to have a knock on effect. The implication of this will cause Sterling to decrease in value due to investor caution. In turn this can be expected to cause an increase in the rate of inflation.

Inflation can be frustrating for investors and savers, but it can also be an opportunity. The gap between rising inflation rates and interest rates is known as the negative real interest rate. It is in

this window that gold and silver truly shine, as the metal's true value is seen - one of a wealth preservation option. Money kept in banks and savings accounts is gaining interest at a much lower rate than the rate of inflation, which in effect means it is devaluing, a not very well understood issue. Switching cash holdings across into bullion helps protect investors' savings.

William Gray
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