



Investment Manager Comments

The RIO ARC Bullion Account (GBP) lost 0.20% during February 2019, the Account importantly outperformed hold-in-hand physical gold which fell 1.44% in the same 4 week period. RIO's superior performance to that of the metal is achieved simply by trading gold, as opposed to the traditional buy and hold strategies which, in today's market, simply do not "cut the mustard."

It is important to note that this investment continues to outperform its benchmark return (untraded physical gold), which it did for the whole of 2018. Why does this matter? In doing so the ARC posted a net gain of 11.01% for 2018, compared to the benchmark which posted a return of far less, gaining just 4.40% over the same period. In short, the figures clearly show the benefit of investing in an actively traded product which produced a stellar performance in 2018, exceeding hold-in-hand gold's return by over 100%. Such improved performance is rarely seen in the investment industry, since the benchmark return is used as a measure of the Manager's performance against the market selected, traded or not.

The returns posted 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 89.96% and, by direct comparison, hold-in-hand untraded physical gold has returned 29.35%.

Gold - Looking ahead, 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. Heightened geopolitical and economic uncertainty throughout the year clearly had driven central banks to diversify their reserves and re-focus their attention on the principal objective of investing in safe and liquid assets.

Investing in physical gold is an excellent way to store wealth outside the banking system since, when an investment, or pension is converted into physical gold, this is essentially removing such investment from the banking system and any counterparty risks associated with it. This could prove very rewarding should we see and feel the effects of a currency debasement, which some analysts feel is overdue.

The fact that gold has been traded as a form of currency for thousands of years is also reassuring. Many people are unaware that it was goldsmiths during the 17th century who created the banking industry, as we know it today.

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