



Investment Manager Comments

The RIO ARC Bullion Account (GBP) recorded a reasonable gain during October, adding 3.62% over the four week period. The ARC GBP remains the top performing physical bullion investment in the world, in Sterling terms. Statistics show that, since launch, the investment has returned 81.80% and, by direct comparison, hold-in-hand untraded physical gold has returned 24.20%. The superior performance produced by the Account underlines the advantages of investing in an actively traded account such as the ARC.

In October's Manager Comments I warned members that the stock market has historically been volatile during October and that they should hold gold. Just as predicted, while stocks retreated gold increased in value, gold acting as a key flight to a safety asset in the market. Initially, as the market retreated, gold held steady. As the October stock sell-off became more systemic globally, gold began to rally more meaningfully. Gold is again beginning to show signs of regaining its safe-haven demand status, with many investors worldwide shifting their attention not only to reduce exposure to risk assets but in turn focusing on gold in particular as a safe haven once more.

I would reiterate that gold remains one of the few real alternatives to fiat money. Today, more and more investors are starting to doubt that they can trust central banks. Having written many comments over the years on fiat currencies I am no longer among the few to highlight their obvious shortcomings. Indeed, more and more investment professionals are falling in line with this train of thought. Many of these are now looking for other options and, without doubt, gold is one solution. Soon the retail investor is also likely to embrace this and, should this happen, it will overwhelm the central banks and their ability to suppress the price of bullion.

We are in a period of heightened geopolitical risk with the potential to impact the global economy. Market sentiment seems to be supportive of gold even if the dollar were to strengthen. Gold could trade lower if the US dollar increased in value but, in the light of positioning in the US and increased interest from buyers in China and India, the risks seem skewed towards a recovery in the metal.

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