



Investment Manager Comments

The RIO ARC Bullion Account (GBP) remains the top performing physical bullion investment in the world, since launch the ARC has returned 75.45% and, by direct comparison, hold-in-hand untraded physical gold has returned 19.35%. This outperformance underlines the advantages of investing in an actively traded account such as the ARC.

I 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 the obvious short comings, indeed more and more investment professionals are falling in line with this train of thought. Many investment professionals 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.

Gold - I mentioned last month that recent data had revealed that China, the world's biggest gold producer, has cut its production, which has fallen by over 9%. To put this into perspective, it is only the second time since 1980 that China's gold output has fallen. The important point to bear in mind is that China accounts for 15% of total global output. The fall in production has been caused by changes implemented by the authorities in Beijing, and the country's plan to consolidate the mining industry further.

We are in a period of heightened geopolitical risk with the potential to impact the global economy, this status quo seems to be supportive of gold even if the dollar were to strengthen. Gold could trade lower if the US dollar increases its strength, 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.

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