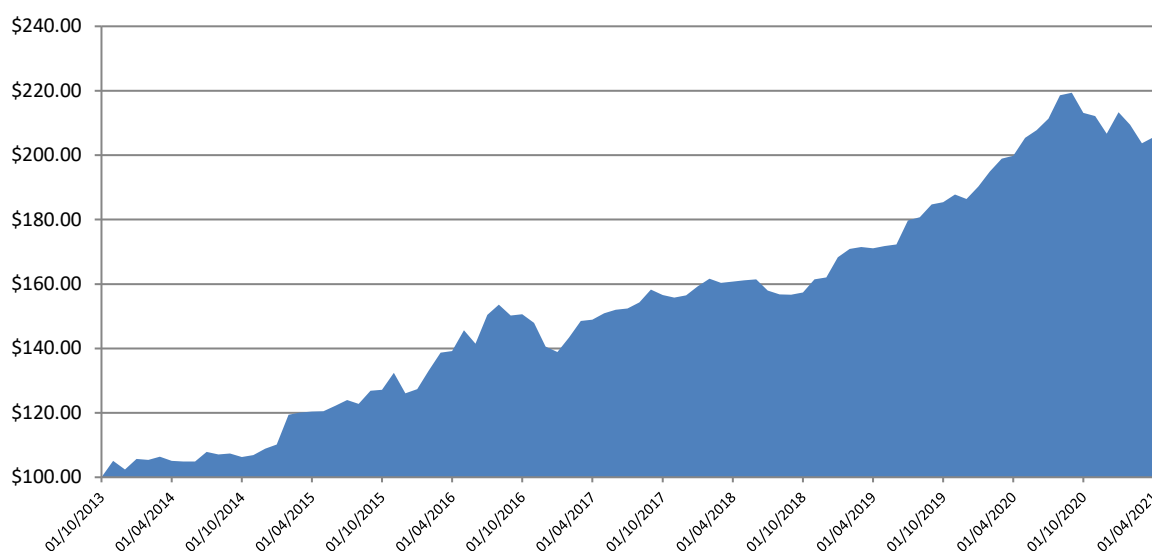




Statistically, since its launch, the Account has produced a total return of 108.07%. This is excellent, especially when you consider the risk-reward ratio, which is an indicator of the risk taken to attain the returns filed. The Account remains the top performing bullion investment in the world, in USD terms.



Having managed money for over 25 years professionally, I'd first comment that creating an investment portfolio is all about managing risk and reward and finding the right balance between the two is one of the most important steps you must take to ensure success.

Remember, every investment carries some risk, whether it's a volatile stock or a "safe haven" asset like gold. We have just seen the shortest recession in modern history, but perhaps this is no surprise when you consider the unimaginable scale of the money printing which took place from February through April of 2020. This combined with the fiscal stimulus from lawmakers, resulted in massive liquidity infusion, the likes of which has never been seen. In fact, over 18% of all U.S. dollars in circulation were printed in 2020. In the first part of 2021 there's been no printing press slow down.

Worse still is the fact that the money printing comes after more than a decade of record-low interest rates. The current rounds of stimulus, including \$120 billion per month in bond buying, are designed to help keep those interest rates low, this would normally be good for gold. To make it clear, the Fed creates this demand buying up bonds itself and thus interest rates will stay low, which is why there's a 1.3% yield or less on the 10-year bond again good for gold.

But the flood of liquidity has driven the risk on trade, with the masses buying in to stock markets which today are at, or near all-time highs. The facts are simple, last year due to lock downs and free flowing cash, far more investors joined the herd. All are now way out of sync with the risk curve, basically they've thrown caution to the wind - this is never wise in any market. However, the masses are not to be blamed, they're in a sense the victims of all the financial engineering which has effectively created an artificial market and false reality for investors.

There's good reason to own gold since the Federal Reserve has turned the markets into a kind of wild and speculative financial circus. When this ride stops, and it will stop, the US economy and markets may struggle to survive without the help of the Fed's stimulus. This is when gold will shine through!

Stocks are higher despite the continued threat of COVID shutdowns and a new variant making its way through the economy, does that sound normal? A simple word of warning against this new kind of irrational exuberance. This behavior almost always ends badly.

Some may recall when Fed Chair Alan Greenspan had described the insanity of the dot-com bubble he was first to use the same term- irrational exuberance- just before the bubble burst and left many inexperienced investors facing substantial losses.

In today's over bought stock market due diligence is not just advisable, it's necessary, and with almost all US stock valuations at or near all-time highs, having portfolio insurance (Gold) is a must - for several reasons. It may sound almost old-fashioned in this day and age, but the truly smart, steady investment strategy almost always goes hand in hand with the posting of gains year on year- after all over the past twenty-seven years RIO has built a sound and desirable reputation for exactly that- delivering constant gains on well balance portfolios.

William Gray  
The RIO Club