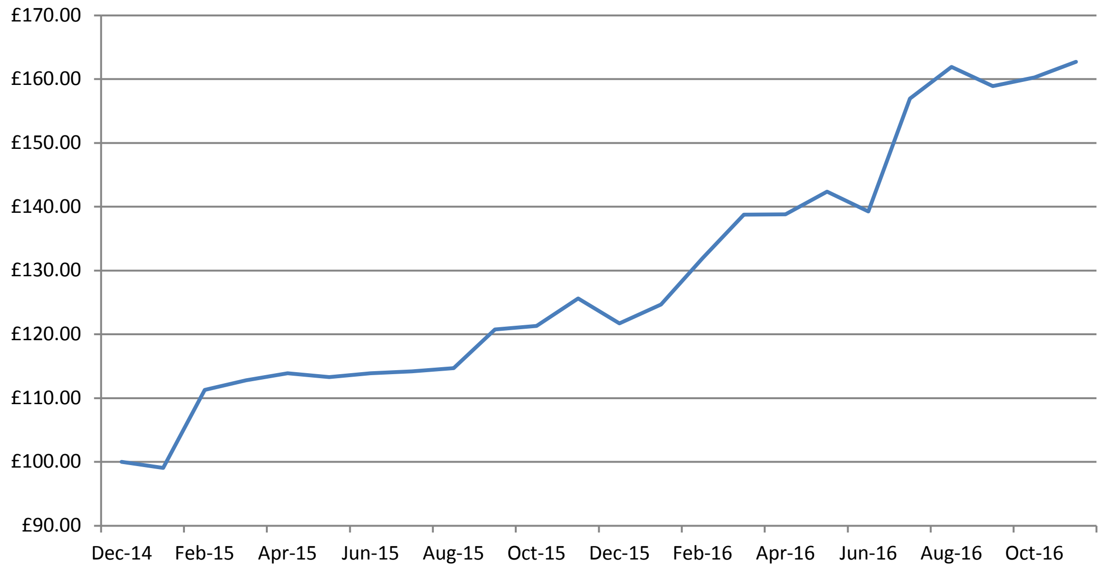
RIO ARC BULLION ACCOUNT (GBP)

The RIO ARC Bullion Account (GBP) has produced a return of 62.73% since launch, which clearly defines why the ARC Bullion Account remains unchallenged as the top performing Sterling based physical gold investment in the world.

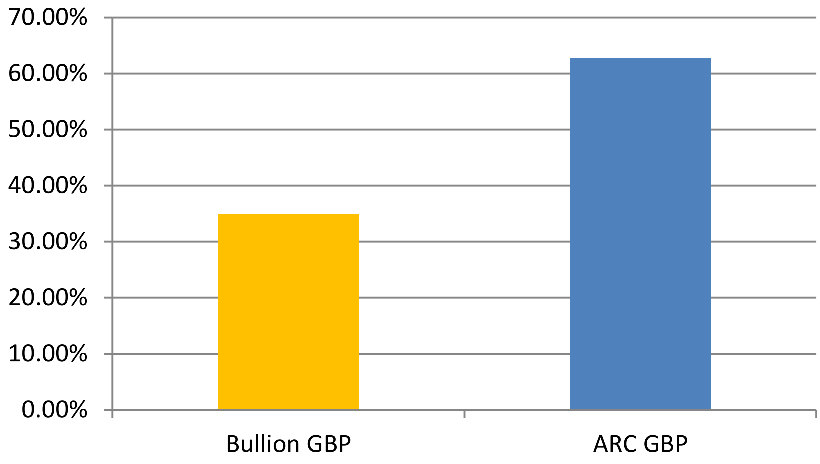
The Account continued its upward trend in October with a gain of 1.53%, its eighth gain in 2016. Statistically this investment has averaged almost 3% per month during the first ten months of this year, and to date is the RIO Club's top performing investment for 2016.



Interestingly, there were two negative months in 2016 one in May (-2.16%), which was simply due to the market selloff in gold ahead of a perceived decision for the UK to remain in the European Union. As you can imagine, on the back of the Brexit result, Bullion rallied very strongly and, since the ARC was positioned correctly for Brexit, June produced the account's largest monthly gain since launch +12.70%. This return was a figure which could easily be associated with that of the average return produced by an investment over the period of a year, not 31 days.

It may surprise those not currently invested in the ARC that this investment has produced such stellar monthly gain before, in fact in January 2015 we witnessed a 12.36% gain, so as the saying goes "never say never again".

The gain of 30.54% over the ten month period has dwarfed the returns of any and all comparable physical gold investment, such as those offered by the general bullion investment market and which, by comparison, are therefore simply lacklustere.



Gold bullion vs RIO ARC Bullion Account (GBP) since launch

GOLD

Short term concerns on gold over the outcome of the US election will undoubtedly provide some upside potential for this commodity. Additional upside may be seen from recent moves in Sterling since because, in spite of a recent recovery, the pound remains under pressure while expectations of a 'hard' Brexit linger and there is still no clear road map out of Europe. Recently, the High Court ruled that the UK government must consult Parliament before triggering 'Brexit', adding uncertainty even as the government appeals.

Longer term support comes from a number of factors, for example China's massive appetite to add further to its Gold reserves, which has continued this year. In fact, recent data suggests that the acquisition policy is set to continue in 2017. Accordingly, the Chinese Central Bank is very likely to follow its historic buying pattern, acquiring large quantities of gold on any significant correction. It will increase its substantial gold holdings, both declared and undeclared alike. Given the current back drop of ensuing global currency wars the urgency for such strategy is amplified.

Members should also note that Gold's value is, to a degree, underpinned by the current negative interest rate policies, sadly a stance adopted by several governments. There are many reasons therefore to seek shelter in gold in today's world. More than ever it is perhaps essential portfolio protection against both stock market volatility and the uncertainty which surrounds several investment markets, given the current political and economic situation.

I could list a multitude of threats which could cause a gold rally, but will end by highlighting the looming European banking crisis. This one event could be further aggravated due to a recent change in government policy, where any escalation of the current position will certainly send Bullion on a major rally.

The fact that Italian banks are in dire need of funds to refinance themselves has not seen much press. **I would point out that much has changed since 2008, and it is not as straightforward as using a government bail-out. Unbeknown to many general investors there was new legislation put in place which came into force on 1st January 2016 and this new regulation, if enforced, would indicate that there could be a 'horror' story looming in banking.**

The legislation declares that, in future EU banking crises, the investors in the endangered bank would take the loss, i.e.the bank's bondholders and shareholders but, also most frighteningly and most importantly, the bank's depositors. Recent statistics seem to indicate the magnitude of the problem. 14.6% of Italian household net wealth is tied up in bank bonds amounting to over €235 billion euros.

Very recently a prominent IMF official described Italy as *"the fault line of Europe"*– on the condition of anonymity, the reason being that Italian banking debt has spread throughout the Euro zone.

Aside from the upside potential of gold, it is vitally important to hold at least 10-15% of one's total assets in bullion, given the above risks. Doing so will provide a degree of wealth preservation, and offset the effects of inflation which will send gold soaring.

Arguably, it would be foolhardy not to do this in the current market conditions.

ARC anyone?

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RIO ARC Bullion Account (GBP)