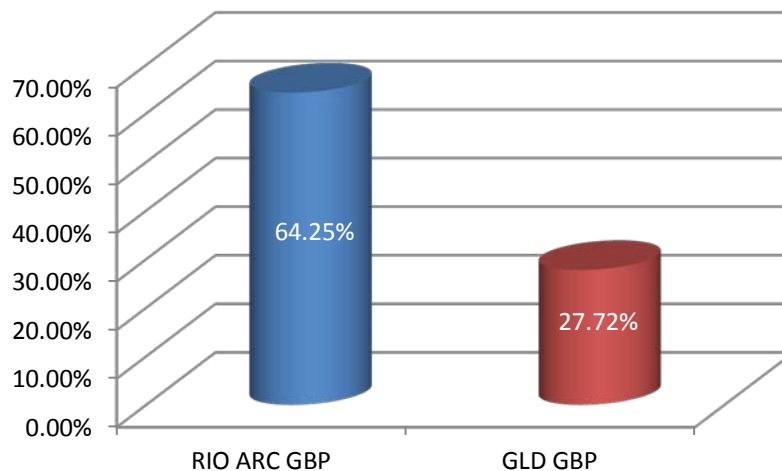




RIO ARC BULLION ACCOUNT GBP

The chart below shows the return of the RIO ARC Bullion Account (Sterling), compared to its benchmark return, Gold Bullion. The figures shown are from the launch date of December 2014 to 01 June 2017.



What is a benchmark?

A benchmark is a standard against which the performance of an investment can be measured. Since 2012, it became mandatory for Fund houses to declare a benchmark index. Importantly, RIO clearly portrays the individual benchmark for each investment product on the pertinent investment factsheet. These factsheets are updated, and posted to our web site every month, each compares the precise performance of RIO against its benchmark. This benchmark is independent and is based on the objectives of the investment product.

How is performance of an investment measured against its benchmark?

If an investment in a given product delivers higher returns than the benchmark, it is said to have outperformed and vice-versa. Experts agree that if an actively managed investment delivers returns in-line with the benchmark, it should be considered as underperforming, sadly many investments in the industry do underperform. A professional investment manager who charges fees should be striving to outperform the set benchmark. If the returns produced by managers simply equal an index fund (a product which has no investment manager, but aims to replicate the return of selected market), then surely the manager has failed.

Asset Manager Comments: 1st June

During May, the ARC Bullion Account (GBP) gained 1.39%. The account has produced a 64.25% gain overall since its launch, which means that it has outperformed its benchmark return (standard hold-in-hand untraded physical Gold) by 36.53%.

These very strong returns have kept the account in the prime position since launch as the top performing physical bullion investment in the offshore market, in terms of Sterling.

Notable trades executed in May

Having sold Gold on 30th April at 978.32, I reacquired the metal at 941.50 on 9th May. The recovery was swift and the position reversed on 26th May when I sold 60% of the bullion acquired at 984.28.

Looking ahead

Most investors will likely be cautious as the UK polling date of Thursday, 8th June is approached. In addition, the ECB will give an update following their policy meeting, and former FBI Director James Comey will testify to Congress. This will unnerve markets which is almost certain to see gold rally at the start of June. I would predict that my forecast rally would be seen prior to all three pending triggers, starting with the UK poll on Thursday 8th.

The bullion price will remain supported due to the political risk in Europe. The all-important German election is looming, against a background of parties of dissent making gains. The re-election of the incumbent Angela Merkel is far from certain although tipped as likely. The elections in France are over, with France's youngest ever president now in power. The Macron victory heralds a likely massive change in France's political landscape. The political uncertainty across Europe is likely to have a significant impact on demand for safety assets, such as gold.

If a "hard Brexit" were enacted, this would impact further on the price of gold, sending it higher.

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