



RIO ARC BULLION ACCOUNT USD

The ARC Bullion account has started the year with a more than acceptable gain of 4.51% in the first two months of 2020. This is a sober reminder that as stocks tank, the safety assets such as gold rally. Looking forward, due to market mayhem and sell-off there will likely be some mainstream investment houses facing equity based margin calls on over exposed positions; this could push gold lower, although this will almost certainly be a short term correction in the shiny metal.

I would again remind members that in today's market it is wise to have 15% to 20% of your net worth invested in physical gold. Both ARC Bullion accounts were launched to provide a physical bullion investment for our membership that should, and has, provide a safe harbour for those seeking protection from events such as the coronavirus which has wiped trillions off the stock markets worldwide.

Many members have commented over the years on the constant positive annual return of the ARC. Perhaps now it can be seen for what it is; not only an attractive investment delivering almost a hundred percent return since launch in October 2013 but also a safe haven in troubling times.

In February some of the initial upside momentum in gold was lost, this was brought about simply by gold traders taking profits, which is to be expected. Further downside pressure was caused by investment companies and traders, who were clearly over exposed to equities, and were all but forced to sell their gold, to cover margin calls on other investments. At this point it is important to underline the fact that RIO has never needed to resort to such practices in attempts make gains on investments.

Trillions were wiped off the equity markets worldwide, amplified by those utilising such practices, as many investment houses sold gold to cover their stock positions.

Looking forward, with stocks still in a free fall, I expect to see further sales by institutions pressured by margin calls, again to cover their losses. That said, the potential for gold to rally is ever present especially in today's market. For those interested, I expect gold to move above \$1,700 as we move through 2020. It may be of some interest to note that gold had already reached a seven year high in USD terms. This as the Dow Jones posted the largest weekly loss since 2008.

Statistics from the end of 2019 revealed that institutional investors around the world were now moving money back into bullion and this migration continues to build today. This massive trend continues for various reasons, some of which I have mentioned in past reports over the years; with the increased geopolitical risk and the massive negative-yielding debt, which has now risen to over \$13 trillion, is it any surprise that banks and larger institutions are buying gold. Now the coronavirus and its potential effect on global business has spooked the stock markets.

I have also noticed that investment professionals seem to have lost faith in other traditional safety assets, such as the yen, this simply adds further weight to what I have said all along, if you want safety then it is physical gold which will shine every time!

As an investment company RIO are perhaps unique, with seven out of the nine investments managed by RIO posting gains in February's market meltdown. I was not surprised this month to see that the Club has had several members refer family and friends. This is exactly why we continue to see membership expand.

William Gray
The RIO Club