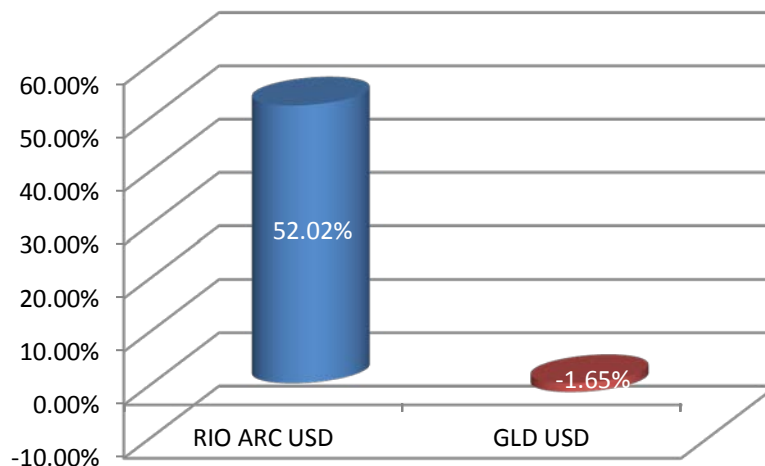




The chart below shows the return of the RIO ARC Bullion Account (US Dollar), compared to its benchmark return, Gold Bullion. The figures shown are from the launch date of October 2013 to 01 June 2017.



#### **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 fund delivers returns in-line with the benchmark, it should be considered as underperforming, which regrettably is the case for many funds in the industry. A professional asset manager who charges fees should be striving to outperform the set benchmark. If the delivered returns of managers simply equal that of an index fund (a product which has no investment manager, but simply aims to replicate the return of the selected market), then the manager is useless.

#### **Investment Manager's Comments, written 1st June**

The ARC Bullion Account (USD) continues to produce impressive results, so far gaining 9.49% in 2017, and 52.02% since launch in October 2013.

I acquired bullion on 4th May at \$1,235.48, and added to the position on the 8th at \$1,227.93, and again on the 9th at \$1,224.15, at which point the account was over 93% invested, with little being held in cash reserves. This proved to be the correct strategy as gold rallied to \$1,270 by 30th May, at which point I sold 35% of the gold held.

The ARC Bullion Account is perhaps the obvious choice for those looking at gold as an investment, since the difference in performance between buy-and-hold and traded physical bullion is simply staggering.

### **Market comment**

Today there are mounting reasons to buy gold. Looking to June, investors in the U.S. await the release of a written testimony from ex-FBI chief James Comey. This is expected prior to his U.S. Senate appearance on Thursday, 8th June, the same day as the imminent British General Election and a European Central Bank meeting. This could be viewed as a traders dream or nightmare, depending on outcomes. The increased danger from geopolitical tensions is obvious, and any further action on this front could spark a gold rally.

Furthermore, a major part of the world economic order is likely to change, as Trump attempts to bring protectionist politics back to America for the first time since World War II. If that's not enough, then there's the ongoing currency wars, leading to depreciation reducing the purchasing power of paper money. The smart money has already begun to move into bullion, with recent statistics indicating the first signs of higher inflation, it certainly looks favorable for gold to continue its rise in 2017.

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The RIO Club