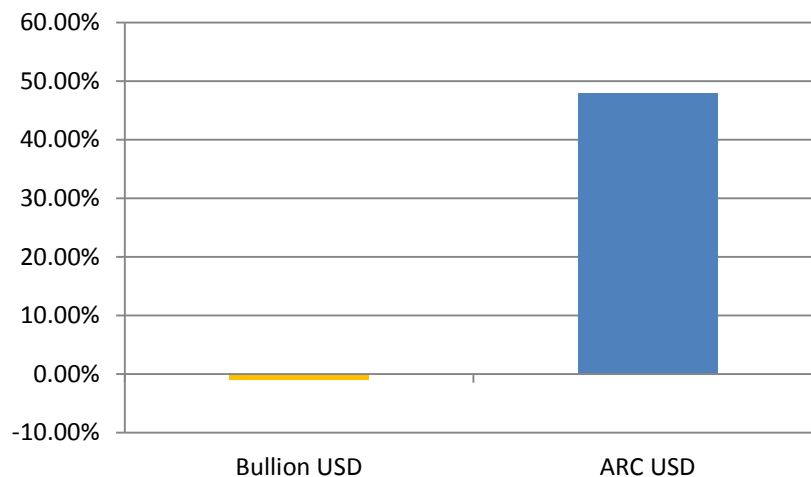




## RIO ARC BULLION ACCOUNT (USD)

**The ARC Bullion Account (USD), like its sister Sterling Account, continues to produce very positive numbers, up 47.88% since launch, and far outperforming hold-in-hand untraded bullion across the board as can be seen from figures below.**

For the first ten months of 2016 the Account is up 16.14%.



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

Although the price of Bullion at the beginning of October was above \$1,300/oz, prices edged lower during the month amid stronger Asian stock values and a steady US dollar. In the end gold fell 2.93% over the month, as investors world wide awaited information from a series of upcoming Central Bank policy meetings, and further US economic data.

The Account lost little ground, down just 1.79% while outperforming non-traded/buy-and-hold bullion by 1.14% over the month.

During October having reviewed the data above, I placed a new trade to reacquire the metal. The position was triggered on 28th October with the account acquiring gold at \$1,267/oz, importantly close to Gold's lowest price for the month.

The repositioning was profitable, as a swift rally took place in the first days of November as I had forecasted.

### Gold

The forecasted turnaround in gold value mentioned above was expected to result in a move back into the previous trading range. My prediction was based on the mounting concerns over the outcome of the US election, where the uncertainty would lead to sharp losses in US stocks and the dollar, and a Trump victory would almost certainly trigger a rally until markets adjusted to policies expressed by the new president.

In my opinion, Trump has a good chance of winning the election and, if I am correct, it will prompt investors to run to safe havens such as gold this month. Although it is likely be a choppy period following the election, it is worth noting that we remain in a period which is very much supportive for Bullion, from both the global political perspective and economic environment. Recent statistics have reported a reduction in the odds of a December interest rate hike from their previous high of 82%, another bullish sign for gold.

Then there is the geopolitical risk in advanced economies, which also remains high.

Furthermore, if all of the above were not enough, there is then the intense political uncertainty that advanced economies now face, combined with the unknown aftermath of years of unconventional monetary policies (quantitative easing, zero and now negative interest rates), all very likely to make Bullion immensely valuable to investors in the next few years. Although stocks will likely rally following an election if history is repeated, what's the point if the currency is fated, as that's simply gaining with one hand to lose with the other.

**Gold is the only *defacto* currency that cannot be debased by printing more of it and, more importantly, unlike all others, it carries no political risk.**

### The Historical Risk / Reward ratio

The risk reward ratio of the USD ARC Account from its launch to the end of October was measured at 7.97 to 1.

This is more than attractive, as it means that the investor benefits from a return on the investment that is almost 8 times that of the risk taken to achieve the return. The continual trading has always benefited the Account's bottom line, a massive effort being expended to both improve the all important risk/reward ratio. The result of which speaks for itself.

<u>2 Years</u>	Largest Monthly Loss	Return for Period	Risk / Reward
<b>RIO ARC Bullion Account USD</b>	<b>-4.82%</b>	<b>38.40%</b>	<b>7.97:1</b>
Gold Bullion USD	-11.47%	8.74%	-0.77:1
S&P 500	-9.03%	4.64%	-0.52:1
FTSE 100	-9.52%	5.66%	-0.60:1
Dow Jones	-9.22%	3.72%	-0.41:1

A study of the figures above show clearly the performance of the ARC versus Gold and the markets and are very telling. It must also be stressed again that the ARC is significantly less risk as an investment when compared with the traditional choice; being that of a buy and hold Gold (portrayed as Gold Bullion above) is far higher risk and in return delivers less reward. In some ways it is a fool's gold - or a buy and lose out strategy!

## **RIO International investments Ltd**

The parent company RIO International Investments Ltd is one of the very few investment companies, which has never raised the charges of any investment product launched and offered to RIO Club members. The charges have remained constant, which is one reason perhaps why members achieve a better return.

**The plain fact is that RIO takes less and offers more** which is the reason why our membership give back, in terms of the referrals of family, friends and work colleagues, this has added to the steady growth in Club membership over the years, benefiting members again with an unchanged charging structure (unique to RIO in our industry).

This referral system has and always will be the backbone of the RIO Club, for me I can truly remark that I appreciate the continual referrals which have been provided, and also would take a moment to thank all the many friends and family members who have come on board over the years.

RIO membership is up significantly yet again this year, this in spite of the Oil industry down turn.

Sadly others in my industry have been less fortunate, as this downside has damaged and plagued the flow of new/inward investment for the majority of the investment industry throughout 2015/16. So much so, there is a very real danger that the companies concerned will see a sharp fall in their profits, this short fall will almost certainly be passed on to the unlucky investors who will almost certainly bare a rise in management and administration charges. (which as a result of their specific terms and conditions they can expedite as they have done many time before).

In closing I would underline that cost control is a vital characteristic of successful asset management perhaps, dare I say, a crucial part of producing a positive return on any investment. Increasing charges is simply a reflection of failure, if you can't control your own business profits how can you profess to be in a position to proclaim or offer financial advice to others.

The industry today seems to ignore the above facts, this is why those invested in such funds and or companies often see negative returns. If these entities could only get control of their costs, perhaps by reducing the commissions paid, they too maybe more capable of competing with RIO's positive returns.

**William Gray**  
**Account Manager**  
**The RIO Club**