THE RIO CLUB

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RIO ARC BULLION ACCOUNT (GBP)

The ARC bullion account, has since its launch in December 2014 produced a gain of 111.49%; today the returns generated remain the envy of the industry. The 16.33% produced in the past 12 month period is excellent and those invested may find it interesting to note that this type of return would normally be associated with a higher risk investment asset class such as stocks, gold is traditionally seen as a safety asset a low/mid risk asset class and is bought for portfolio protection.

To date it has been very rewarding for those invested, especially when you give consideration to the main reason for the establishment of this investment, which remains to provide some portfolio protection, and or safety in the form of physical gold. In this case, since this gold is actively traded the ARC has produced excellent returns for those invested. The returns produced over the two, and three year periods are impressive, namely 25.85% in the two year and 29.96% in three.

During October the account lost 1.06% , but importantly the ARC significantly outperformed its benchmark return during the four week period. Recorded statistics show that during October the accounts benchmark physical gold, lost 2.21%. Importantly I took full advantage in the fall in the gold price to add to the accounts gold holdings, and utilized 10% of the cash held to buy gold on the 28th of October when the metal was importantly near a three month low. The active trading strategy utilized since launch has proven itself yet again, having sold into the rally for months taking profits, July through September, I reacquired Gold when it witnessed a pull back.

Looking forward, Central banks have shifted to a new regime of easy monetary policy, this in turn reducing expected bond returns. In short, as negative yielding debt increases alongside stock-to-yield valuations which are near all-time highs, gold has become an attractive and more effective diversifier than bonds. As such there is justification for a higher portfolio allocation, this will almost certainly drive buyers in to the bullion market place. I would not be surprised to see investment portfolio managers reposition for the onslaught of lower future bond returns, this in turn would suggest that institutional investors will be considering additional gold exposure sooner rather than later.

It would seem that countries around the world are arguably striving to competitively devalue their currency, most notably through loose monetary policy. The global currency depreciation is reflected in the performance of the price of gold in those currencies, as such I would expect to see gold move higher, as fiat money devalues further.

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