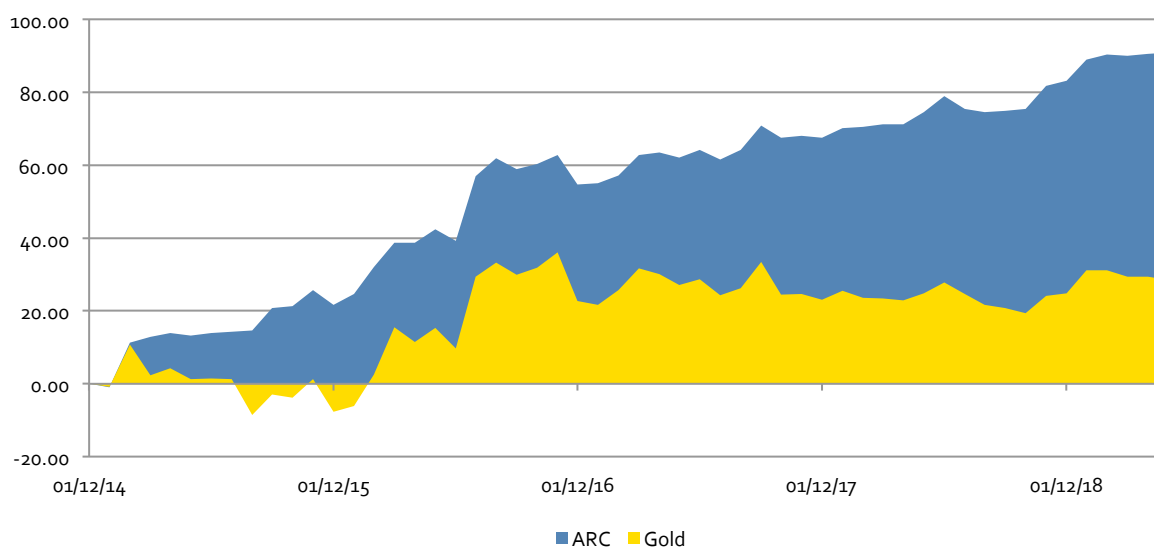




## RIO ARC BULLION ACCOUNT (GBP)

Many members have commented on the fact that the ARC Bullion Account (GBP) has produced stellar returns. Since launch, the Account has produced a total return of over 90%, or over 18% per annum, on average. Whilst it is true that the performance is well above that forecasted, when one considers the risk/reward ratio, a measure of the return for the risk taken this investment is in a class of its own. The ARC Bullion Account (GBP) remains the top performing bullion investment in the world in terms of the return generated in Sterling.



### Recent notable trades

The month started quietly, but I took the opportunity to add to the bullion held, acquiring additional gold for the account on 7th May. To enact this trade I invested 20% of the Sterling cash held by the Account to buy gold. I was able, as expected, to take profits selling 50% of the recently acquired gold at 1,004.57 on 15th May. A further 25% of the metal was sold at 1008.34 on the 22nd, and the remainder was sold at 1014.74 on the 27<sup>th</sup> of May. This will add to the gains seen in May.

### Looking ahead

A special trading opportunity is fast approaching. After all, it is not every day that a PM resigns! Last week heralded a change, whilst expected, her resignation provides yet another special situation. As contenders line up for the job, the scenarios have multiplied again. Who will be next PM? Will the new PM call an early election? What approach will be taken with the ongoing "Brexit" fiasco. How will the divided Labour opposition behave? A second referendum?

Between the unprecedented events surrounding the Trump presidency, and the continued uncertainty around the UK's Brexit plans, the Anglo-American economic climate is set for a turbulent year. Especially considering the fact that the Eurozone is also very much struggling with the impending Italian banking crisis, as the conflicts in the Middle East continue

unabated and corruption scandals are sweeping across the Brazilian and Korean governments.

Whether investing or to secure your finances against potential instability, there has never been a better time to invest in physical assets such as gold!

### **UK Property versus Gold**

The UK Property market has held a reasonable attraction for investors in recent years. However, the UK Property market has now changed. The increased risk in the UK property sector is one reason why I closed the RIO Property Group (as members invested will recall). The RIO Property Group Ltd account closed during October 2018, having delivered over 60% net profit to those members invested for the five year period. Currently, however, the UK housing market is showing signs of serious deterioration. Members may not be aware that gold has outshone property in the last decade, and gold today is more and more becoming an investment of serious consideration when it comes to safeguarding wealth against financial uncertainty. Basically, UK citizens are waking up to the benefits of buying physical gold.

### **Brexit and British Banks**

There are banks in the UK which have breached their capital adequacy ratios in the past (the levels of capital they should maintain to be able to survive losses and avoid losing depositors' funds). Capital adequacy ratios are crucial to making sure that banks avoid failure. While the UK remains in the EU, UK bank depositors remain protected under the EU laws, and the current law which protects a maximum deposit of 85,000 Euros or its Sterling equivalent. However this may no longer apply once Britain leaves the EU.

### **Gold**

Prices steadied as global economic concerns dented risk appetite, but a strong USD capped gains as it competed to get preference over bullion as a safehaven bet. Today, more and more mainstream investors see bullion as a store of wealth and as a currency hedge against fiat money. It is important to note that gold has historically improved the risk-adjusted returns of portfolios. It can and often does deliver positive returns while reducing losses, and provides liquidity to meet liabilities in times of market stress. It is thus a valuable asset class to add to an investment portfolio, especially given the current geopolitical turmoil. Another advantage is that bullion is outside the banking system. When an investment or pension is converted into physical gold, it is essentially being removed from the banking system and any counterparty risks associated with it. This has huge benefits should the financial system itself come into question. It is perhaps telling when I say that, during 2018, Central Banks bought more gold than in any year since 1971. This was the year when the then acting US President Nixon unpegged gold from the US dollar, ending the so called Gold Standard.

## **Traders and analysts agree**

Many analysts and traders are also currently bullish on gold for the coming year. One reason commonly cited is that bullion will continue to be seen as a safety asset in 2019 and, as Donald Trump's bid for a second term gets underway, the future will become increasingly uncertain. This makes 2019 an ideal time to invest in gold, especially for those who wish to protect and preserve their wealth.

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