



Investment Manager Comments

The Regular Investment Account continues to gain ground; adding a further 2.35% during July. The year to date return is even better, up an impressive 17.50% with seven consecutive gaining months.

As I had anticipated, the gains made were a result of the Fed's decision to leave short term interest rates unchanged this month effectively causing a rally in precious metals and gold stocks. That said, the market reaction was as if they had announced that they plan to cut short term interest rates. This combined with exposure to bullion resulted in the Accounts gains. As such during July I took profits on all closed trades. The Account bought and sold several gold stocks, a couple of examples of trades placed prior to Fed announcement include Barrick Gold (ABX) acquired at 19.83 and sold at 21.86, producing a 10.24% gain and SeaBridge Gold (SEA) which had been purchased at 15.53 and subsequently sold at 17.27 following the Fed announcement, this trade producing a 11.21% gain.

Most importantly the Regular Investment Account is now ideally positioned as we move towards September / October and my anticipated market sell-off in US Dollar. My expectation is based on the largest single change in our world financial system in the past few decades, the first effects of which will be seen on the 1st October as the Yuan takes centre stage. The Chinese currency will officially be granted reserve currency status and from here on one can be certain that central banks around the world will react to the massive change by selling USD and acquiring the Yuan to spread their risk across all of the reserve currencies. We are also likely to see a rally in both Bullion and Gold stocks.

William Gray
The RIO Club