



The ARC Bullion Account produced a December gain of 2.42% contributing to the impressive annual gain of 25.87%.

This performance has this Account firmly at the top of the industry as the world's best bullion investment in Sterling terms.

Putting into perspective, the Account has outperformed physical gold kilo bar returns by an amazing 31.84% during this twelve month period. It outperformed both its benchmark and its target return and all comparable physical gold investments in the world, whether in the form of simple stored bullion in bars, physical gold mutual funds or similar unit trusts or the much publicized Gold ETF's most of which only follow gold's price - that being so they produced mostly negative returns. Whilst the ARC outperformed all other positively performing RIO products in 2015.

The demand for physical gold during 2015 remained strong. A change of sentiment towards physical gold over ETF's looks to be occurring in the USA, as the demand for gold bars and coins reached the highest levels seen in the past five years and this perhaps lends weight our resolve to invest in physical metal not paper. As for central banks they remained a significant buyers in 2015, as predicted. Indeed several were net buyers for the 19th consecutive quarter. Members should not be surprised, therefore, when I highlight that overall demand has risen year on year by 8% to 1,121 t.

Looking forward to 2016, I predict that stock market volatility will continue, especially given the Fed's rate hike, which has added to market jitters. This rate hike puts further downward pressure on oil, which is already near a twelve year low and, factoring in the current production and stock surplus situation, it is not going to be a smooth start to 2106.

Add to the above the negative effect on oil currencies and the outlook is poor. Furthermore, the Chinese Yuan's devaluation will also plague markets in the first half of 2016. I am anticipating a run to safety, the impact of which will see gold move higher and likely revisit a value of \$1,150 or above. Should it break through this figure we could see a return to \$1,200 during the first quarter of 2016.

Gold as portfolio insurance

When any investor asks my opinion over investing in gold today, I always advise against hesitating in a world of increasing geopolitical threats, including the recent addition of the Saudi/Iran stand off. This is against a background of ailing oil prices now approaching a twelve year low and this fact along with continued over-production and storage facilities which are nearing full capacity all of which is simply a negative - but a positive for Gold. The afore mentioned when married with the impact of the first Fed's rate hike - the first in almost a decade will simply put further pressure on the price of oil, in turn causing widespread problems for oil currencies, investment portfolio insurance is surely a must. Gold is ideal for this purpose and is one reason that we introduced the product to membership last year.

Looking forward to 2016, I see gold moving higher on the back of all of the above, while investors seek safety. I say again that the market will see heavy volatility, so be warned. Should we see a significant fall in the stock market, the Fed is likely to have second thoughts of introducing a further rise in interest rate in the first half of 2016.

Investor warning

There are more problems brewing for the oil patch which will come to the surface in 2016. Bankruptcies are starting to emerge in US based energy companies. My prediction is that this is just the beginning and there will be many more on the way next year. To get my point home this is not a few hundred million dollars of bad debt but a tidal wave running into billions, an oil fracking failure, which in turn could fuel a debt crises in the USA should I my research be proven accurate. My recommendation is that the RIO ARC Bullion Account is a strong buy in current market conditions for investment portfolio insurance.

All RIO lump sum investment products will benefit from any further turmoil in the market place, RIO lump sum products currently hold over 70% of their asset base in hard assets (low risk).

William Gray
The RIO Club