

Monthly Gold Market Report

August 2020

HANetf & The Royal Mint

The Royal Mint Physical Gold ETC Securities

RMAU

22bps

XS2115336336

Product Inception Date: 12/02/20

For Professional Clients Only. Capital at risk.

This report was written by, and is the opinion of, the RMAU fund partners The Royal Mint.



Key Takeaways

- Low interest rates, expectations of inflation, hedging against other stocks, and price momentum have shaped gold's July performance
- Gold reached a record intraday high of \$1,983.36 per troy ounce on 31st July 2020¹
- Adjusted for inflation, recent gold prices are still well below the levels reached in 1980 (c.\$2,800) and 2011 (c.\$2,100)²
- Holdings in gold-backed exchange-traded products reached new highs despite an overall fall in global gold demand

Gold Performance

July*	YTD**	12 Month***
11.11%	24.13%	37.64%

Past performance is no guarantee of future performance.

Figures based off LBMA PM Gold Price
Source: Bloomberg, HANetf

*July figures based on 01.07.20 – 31.07.20

**YTD figures based on 01.01.20 - 31.07.20

***12 Month figures based on 30.06.19 - 31.07.20

The attempts of multiple governments and central banks to lessen the economic impact of coronavirus through large fiscal stimulus packages and quantitative easing have led some investors to increase their exposure to gold. Historically, gold has performed well during inflationary periods and its annual price growth since the end of the Bretton Woods system in 1971 has actually outpaced the UK consumer price index. This strategy of using gold to hedge against inflation is likely to have contributed to the large inflows into gold-backed exchange-traded products that we have seen throughout 2020, and continued in July.

However, it is not just inflation that investors have been seeking to hedge against. Some fear that fiscal stimulus packages are the driving force behind recent stock market rallies and have sought to take advantage of gold's reputation as a 'safe-haven asset' that historically has a negative correlation with other stocks. This form of risk-hedging has also likely contributed to gold's impressive gains.

The pace and extent of gold's gains has also attracted some investors keen to capitalise on the price rally.

¹ Source: Bloomberg/HANetf

² Ibid

Performance Review

Monthly Performance of Fund/Sector

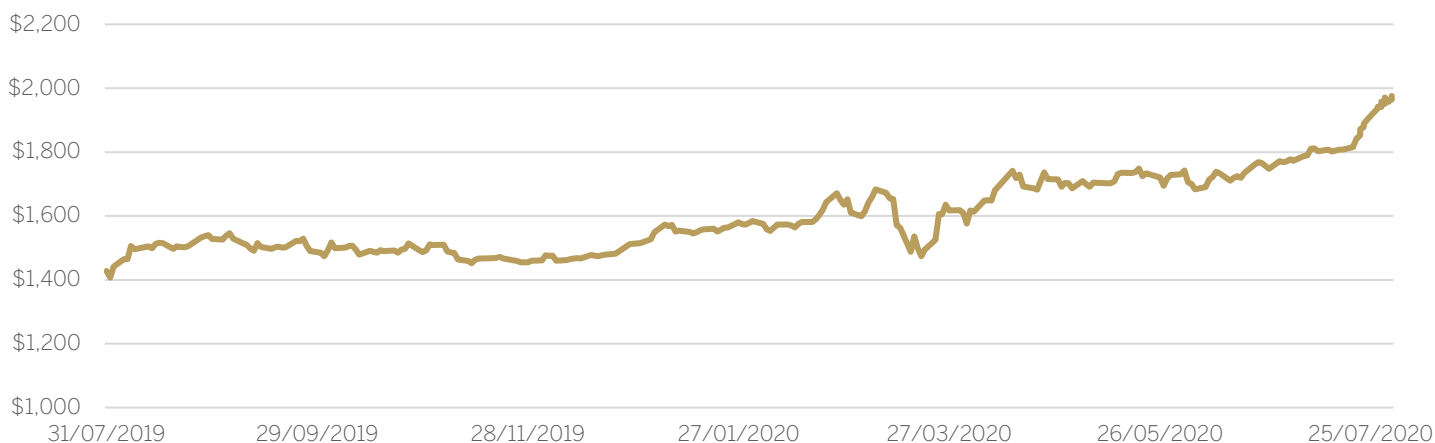
- The London Bullion Market Association (LBMA) PM gold price ranged between **\$1,771.05** per troy ounce on 1st July and **\$1,964.90** on 31st July, increasing 11.11%
- At the end of July, The Royal Mint Physical Gold ETC Securities stands at just under \$350m of assets under management. AUM in USD terms grew 24% in July.

What Has Driven This Performance?

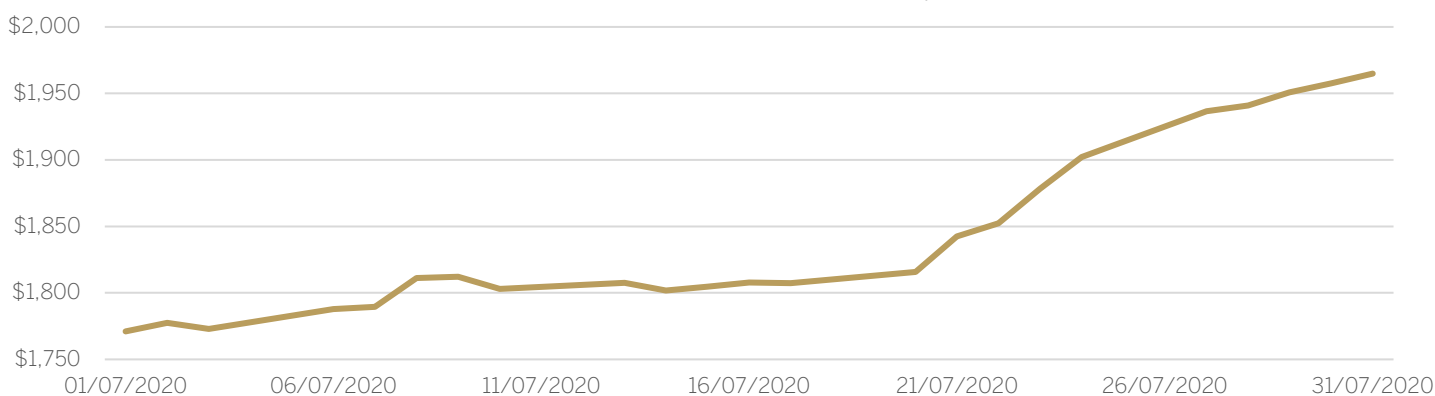
With low interest rates and 10-year UK government bond yields hitting an all-time low at the end of July, the perceived 'opportunity cost' of holding an asset like gold has been reduced.

As both asset classes have a reputation for 'wealth protection' and therefore often perform a similar role in investment portfolios, investors have been increasing their allocations to gold, sometimes at the expense of bonds and gilts.

London Bullion Market Association (LBMA) PM Gold Price- 1 Year (31.07.19 – 31.07.20)



London Bullion Market Association (LBMA) PM Gold Price- July (01.07.20 – 31.07.20)



Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product.

Source: LBMA / HANetf, data as of 31/07/20

Industry News

Bar and Coin Investment

World Gold Council data showing an 11% drop in demand for gold bars and coins in USD terms in the second quarter of 2020 masks stark regional differences³. Global supply chains were disrupted and many retailers experienced stock shortages. Bar and coin demand in Asia dropped as access to retail stores and high prices made accessing gold in this traditional form difficult. Others were deterred by current gold prices and falling income, or took advantage of high prices to raise cash. Western markets such as the US, UK and Germany appear to still be experiencing high demand. US bar and coin demand in USD terms for the period April-July 2020 was up over 400% year on year⁴. The Royal Mint's own gold bullion bar and coin business saw an uplift in sales of over 160% when compared to July 2019.

Gold Jewellery Demand

Gold jewellery usually accounts for around half of all global gold demand. Recently published data by the World Gold Council shows that while investment demand in the quarter to June 2020 was up 158% in USD terms, jewellery demand was down significantly, with jewellery demand accounting for just 25% of all gold demand in the quarter⁵. In the major markets of China and India, jewellery retailers are hoping that delayed weddings and a good monsoon season in India will buoy demand later in the year.

Despite disruption in the physical markets, the gold price continued to rise in this period as investors continued to be attracted by gold's fundamentals in an uncertain economic environment.

³ Source: World Gold Council, *Gold Demand Trends Q2 2020*

⁴ Ibid

⁵ Ibid

Outlook

While price growth remained on an upward trajectory and amounted to around \$200 per troy ounce in July, gold failed to break the \$2,000 barrier. It remains to be seen whether this will be reached over the next few months, what effect breaching this psychological barrier could have, and whether gold can climb further, but analysts are watching closely.

Events in the US may have a bearing on the gold price in the coming weeks. The Federal Reserve has stated that it is ready to do more to support the US economy, but Congress appears divided on fiscal policy, and the number of new coronavirus infections remains high.

Product Details

The Royal Mint Physical Gold ETC Securities (RMAU) is designed to offer investors an effective way to access the gold market as it tracks the spot price of physical gold.

It is the first financial product to be sponsored by The Royal Mint and the first gold ETC custodied with a European Sovereign Mint.

The ETC is backed by London Bullion Market Association (LBMA) Good Delivery bars held on a segregated basis. The gold will be stored and guarded in The Royal Mint's highly secure vault in Llantrisant, Cardiff.

The value of your investment may go down as well as up and past performance is no indication of future performance. Your capital is at risk.

- [RMAU Factsheet](#)
- [RMAU Video](#)
- [RMAU Whitepaper](#)
- [RMAU Fund Page](#)
- [RMAU Points of Difference](#)
- [RMAU Physical Redemption FAQs](#)
- [RMAU UCITS Eligibility FAQs](#)
- [The Investment Case for Gold](#)
- [Investor's Guide to the Gold Market and Gold ETCs](#)
- [Now You Can Hold Responsibly Sourced Gold Bars Through an ETC](#)
- [The Importance of the Physical Gold Custodian](#)

Exchange	Bloomberg Code	RIC	ISIN	SEDOL	Currency	TER
London Stock Exchange	RMAU LN	RMAU.L	XS2115336336	BKT7175	USD	0.22%
London Stock Exchange	RMAP LN	RMAP.L	XS2115336336	BKT7197	GBP	0.22%
Deutsche Boerse Xetra	RM8U GY	RM8U.DE	XS2115336336	BKT71G4	EUR	0.22%
Borsa Italiana	RMAU IM	RMAU.MI	XS2115336336	BKT71B9	EUR	0.22%

Webinars

View our upcoming webinar:

- ["Investing in Gold | Introducing The Royal Mint Physical Gold ETC- RMAU"](#) on 20th August

View our other webinars here: <https://www.hanetf.com/webinar>

Press

- [RMAU Lists on Borsa Italiana](#)
- [The Royal Mint Physical Gold ETC \(RMAU\) Passported to the Netherlands, Luxembourg and Finland due to Demand](#)

View our recent press coverage here: www.hanetf.com/press-releases

About HANetf

HANetf is an independent ETF specialist working with third-party asset managers to bring differentiated, modern and innovative ETF exposures to European investors via unique white-label ETF/ETC platform.

Founded by two of Europe's leading ETF entrepreneurs, Hector McNeil and Nik Bienkowski, HANetf provides a complete operational, regulatory, distribution and marketing solution for asset managers who want to successfully launch and manage UCITS ETFs.

HANetf's full products list includes:

Name	TER	Bloomberg Codes				
		LSE \$	LSE £	Borsa €	XETRA €	SIX
The Emerging Markets Internet & Ecommerce UCITS ETF	0.86%	EMQQ LN	EMQP LN	EMQQ IM	EMQQ GY	EMQQ SW
HAN-GINS Tech Megatrend Equal Weight UCITS ETF	0.59%	ITEK LN	ITEP LN	ITEK IM	T3KE GY	ITEK SW
HAN-GINS Cloud Technology UCITS ETF	0.59%	SKYY LN	SKYP LN	SKYY IM	5XYE GY	SKYY SW
HAN-GINS Indxx Medical Innovation UCITS ETF	0.59%	WELL LN	WELP LN	WELL IM	W311 GY	WELL SW
KMEFIC FTSE Kuwait UCITS ETF	0.80%	KUW8 LN	KUWP LN	KUW8 IM	KUW8 GY	-
The Medical Cannabis & Wellness UCITS ETF	0.80%	CBDX LN	CBDP LN	-	CDSX GY	CBDX SW
The Royal Mint Physical Gold ETC	0.22%	RMAU LN	RMAP LN	RMAU IM**	RM8U GY	-
BTCetc Bitcoin Exchange Traded Crypto*	2.00%	-	-	-	BTCE GY	-
The Alerian Midstream Energy Dividend UCITS ETF	0.40%	MMLP LN	PMLP LN	MMLP IM	JMLP DE	-

*Marketed and Distributed by HANetf

For further information, please visit www.hanetf.com



Andrew Dickey Precious Metals Divisional Director The Royal Mint

Andrew joined The Royal Mint precious metals division in January 2020 following a successful career in media, radio and an integrated communications agency, where he has held senior roles for the last ten years.

With a proven track record as a commercial director, Andrew's expertise lies in strategic development, stakeholder relations and international growth.

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2. HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing under the terms in the Base Prospectus approved by the Central Bank of Ireland and the final terms of the relevant series ("Issue Documentation") is the issuer of the precious metals ETCs. Investors should read the latest version of the Issue Documentation before investing and should refer to the section of the Base Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the Issue Documentation.

3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") and the final terms ("Bitcoin Prospectus") is the issuer of the Bitcoin ETCs. Investors should read the latest version of the Bitcoin Prospectus before investing and should refer to the section of the Bitcoin Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in the Bitcoin ETCs. Any decision to invest should be based on the information contained in the Bitcoin Prospectus.

The Issue Documentation, ETF Prospectus and Bitcoin Prospectus can all be downloaded from www.hanetf.com.