

Monthly Gold Market Report

October 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.



Key Takeaways

- Gold suffered in September as investors appeared to flock to the US dollar
- Gold-backed exchange traded products saw \$56bn of net inflows in September, making it the tenth consecutive month of net inflows¹

Gold Performance

September	YTD*	12 Month**
-3.60%	24.57%	27.04%

Past performance is no guarantee of future performance.

Source: Bloomberg, HANetf

*YTD figures based on 01.01.20 - 30.09.20

**12 Month figures based on 31.08.19 - 30.09.20

Performance Review

- The London Bullion Market Association (LBMA) PM gold price ranged between \$1,972.35 per troy ounce on 1st September and \$1,833.95 on 29th September.
- Gold suffered from a strengthening US dollar
- The Royal Mint Physical Gold ETC Securities AuM hit a new high of \$397m on 22nd September.

What Has Driven This Performance?

A shift in investor sentiment towards the US dollar was the dominant factor impacting the gold price in September, though priced in GBP, gold ended the month at £1,467.63, down just 0.1% from the 1st September's LBMA PM fix price of £1,469.60.

The weakening of the US dollar over recent months and the surging gold price may have led investors seeking safe-haven assets to conclude that the USD was comparatively cheap. With several factors in September appearing to lend support to the dollar against other major currencies (faltering Brexit negotiations in the UK, rising coronavirus cases in the Eurozone, etc.), it is perhaps understandable that the dollar gained while gold lost ground.

The US dollar was also supported throughout September by a steady trickle of positive US economic data, which weighed on gold. Early in the month, various US unemployment metrics appeared to paint a brighter picture than the market may have been expecting, while positive consumer and manufacturing data came later. At the end of September, the dollar was supported by a weakening Euro, a response to Christine Lagarde's comments that suggested the European Central Bank might change its policy on inflation targeting.³

Past performance is no guarantee of future performance

Source of gold price data: Bloomberg/HANetf as of 30/09/20

¹ <https://www.gold.org/goldhub/data/global-gold-backed-etf-holdings-and-flows>

² LBMA / HANetf based on 01.09.20 – 30.09.20

³ <https://markets.businessinsider.com/news/stocks/ecbs-lagarde-hints-at-shift-in-eurozone-inflation-target-2020-9-1029634569#>

The Royal Mint Physical Gold ETC Securities

Total Return NAV to Date (30/09/2020)

	1M	3M	6M	YTD	12M	Since Inception
The Royal Mint Physical Gold ETC Securities	-3.62%	6.66%	17.15%	19.16%	-	19.16%
<i>London 3pm LBMA Gold</i>	<i>-3.60%</i>	<i>6.72%</i>	<i>17.28%</i>	<i>24.57%</i>	<i>27.04%</i>	<i>19.32%</i>

Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. Source: LBMA / HANetf, data as of 01/10/20

Industry News

India Enters the Festive Season

Gold jewellery makes up around 50% of gold demand each year, with a substantial portion of that demand arising from China and India. India is the second largest gold jewellery market, and demand is seasonal. As retailers in India prepare to enter the most important quarter for gold jewellery sales (which encompasses Diwali and the wedding season), jewellers are said to be bullish about a rebound in demand following a coronavirus-related fall earlier in the year. *The Economic Times* reported that a good monsoon (and the first time India has experienced two consecutive good monsoons for decades) has boosted gold jewellery demand in rural India as farmer's cash-in on a bumper harvest.⁴ Rural demand usually accounts for the majority of Indian gold jewellery sales, so this news is thought to be particularly encouraging for the market, and for gold demand, over the next few months.

Central Banks Were Net Sellers of Gold in August

Recently released data analysed by the World Gold Council shows that central banks were net sellers of gold in August. The World Gold Council noted that months of net sales 'are not unheard of', and that while 7 central banks bought gold in August, these were outweighed by a single bank, that of Uzbekistan, selling 32 tonnes.⁵ The World Gold Council's Head of Central Banks Relationships also stated in an interview his belief that "the fundamental reasons central banks have been buying gold for the last ten years have not really gone away at all and you have to remember that central banks are still looking to diversify their reserve assets away from the U.S. dollar".⁶

Outlook

New developments may be required to re-ignite gold's bull run, and the market is eagerly awaiting news on a number of issues.

Potential factors that could impact the gold price over the next few months include the possibility of a no-deal Brexit, the impact of a global second-wave of coronavirus cases, the development of a coronavirus vaccine, and the possibility of a contested US election, following comments from Donald Trump in the first presidential election debate.

While investment demand may have been the primary factor in the price rally earlier this year, jewellery demand (around half of all demand) should not be forgotten. Gold jewellery sales in India may help boost gold demand throughout the festive season, which takes us into 2021.

⁴ <https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/all-thanks-to-farmers-gold-jewellery-demand-picks-up-in-rural-india/articleshow/78533408.cms?from=mdr>

⁵ <https://www.gold.org/goldhub/gold-focus/2020/10/tracking-and-tracing-central-bank-demand-august>

⁶ <https://www.kitco.com/news/2020-09-19/Central-bank-gold-demand-has-slowed-but-hasn-t-disappeared-WGC.html>

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 here: [Gold ETCs | Diversify Gold Holdings with a Sovereign Custodian](#) on 29th October

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

Press

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

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.

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.