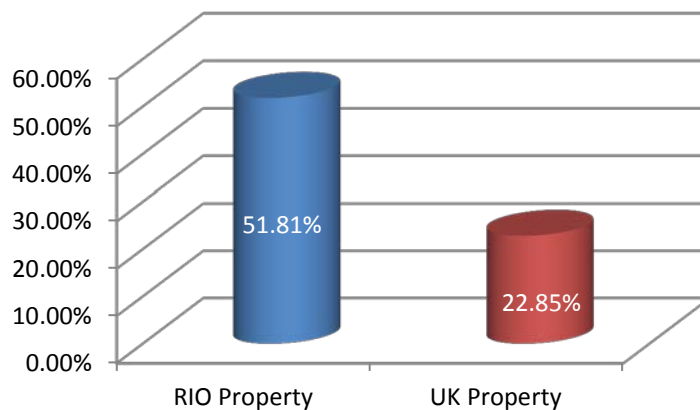




The RIO Property Group Ltd is yet another RIO Club investment product which has outperformed its benchmark return, in fact again significantly so as members can see from the Chart below. The chart shows the performance of RIO's UK Property Investment product, compared with the mean UK average house price, its benchmark, since launch.



#### What is a benchmark?

A benchmark is a standard against which the performance of an investment can be measured. Since 2012, it became mandatory for Fund houses to declare a benchmark index. Importantly, RIO clearly portrays the individual benchmark for each investment product on the pertinent investment factsheet. These factsheets are updated, and posted to our web site every month, each comparing the precise performance of RIO against its benchmark. This benchmark is independent and is based on the objectives of the investment product.

#### How is performance of an investment measured against its benchmark?

If an investment in a given product delivers higher returns than the benchmark, it is said to have “outperformed” and vice-versa. Experts agree that if an actively managed fund delivers returns in-line with the benchmark, it should be considered as underperforming, and regrettably this applies to many funds in the industry. Any professional asset manager who charges fees should be striving to outperform the set benchmark. If the return on investment is less than or even only equal to an index or tracker fund (a product which has no fund manager, but simply match's the return of a selected market), then that asset manager could be deemed as having failed.

#### Asset manager comment 1st July

RIO Property Group has added another 2.06% to its gains this quarter. This investment has recorded an outstanding fourteen consecutive gaining quarters since product launch during October 2013. With the returns to date reaching 51.81% this investment continues to be the envy of the UK property sector, and the investment industry. This investment has since launch been one of the top performing UK property investments in its category, outperforming the benchmark return by 28.96%.

As for June, with this month's completion of RIO's third property project, payment has been received and banked for land sold to the property developer, this has helped push the second quarter into what must be seen as a more than reasonable gain. I am very confident that the third quarter will also be profitable.

### Brexit: the revaluated position

First, having reviewed the statistics in our development region I do not expect Brexit negotiations to bring the region's prices down at all. In fact, I predict them to rise. Brexit will dominate the press, but it will not affect the land cycle. Quite simply, sentiment should not be allowed to cloud judgment; one should instead see past the media facade!

### The Property market looks steady at present, but is likely to slow in 2019

I have amassed over three decades of property management and real estate investment market experience, having designed, packaged, launched, and managed two very successful RIO Property investment products in the past.

I expect prices to remain steady, or perhaps see a correction. My prediction is that the general media are likely to seize the opportunity to both capitalize and sensationalize by reporting that this as a negative effect from Brexit, but simply put it is not. The coming arrival of a specific trend is one which both I and RIO's surveyors had forecast/foreseen over a year ago. It's the maturing of a well documented property cycle which is playing out.

Those members who took advantage of our first property product which ran from 1995 to 2000 will no doubt recall both the accuracy of my predictions, and the research that went into RIO forecasts both informative and profitable, since net final returns were more than acceptable and, perhaps more importantly, in excess of the stipulated target return set at outset.

As for this the second RIO Property Group offering, it was launched during October 2013 and is ongoing, with a predicted maturity of mid to late 2018. To date, it also has exceeded its projected target return, one reason for this has being the fact that I have a habit of understating the likely return and thus seen to overachieve. This approach seems to be embraced / welcomed by our membership, who certainly seem happy to accept that such behavior is of mutual benefit.

Later this year, as Brexit clouds clear, we shall almost certainly see UK property prices begin to move back upward, although the London market is different and risks are prevalent at present as such perhaps better avoided. As for RIO's last remaining development areas, we should witness prices rising over 10% during the following 4 years.

A positive UK real estate cycle is almost always followed by an uptrend in the main stockmarket. I would point out that the FTSE 100 breaking to new all-time highs this year is the start of this trend, and RIO has identified certain sectors where there is certain to be a substantial upside.

Looking forward with all but one RIO project completed it is reassuring that to date the completion is on schedule, and is likely to produce overall gains, in line with targeted returns this year. That said, I am also confident that this account will exceed its benchmark return in 2017, in fact all RIO investment products have beaten their respective benchmark returns.

### Monetary policy changes

The critical issue to consider is normalization of monetary policy. The Bank of England continues to monitor the potential fallout from Brexit. Personally, I expect to see Mark Carney, the Governor, announce changes to the monetary stimulus very soon, and would forecast that we will see an announcement sooner rather than later that interest rates will rise by 0.25%, such an announcement would will cause Sterling to rally.

William Gray  
The RIO Club