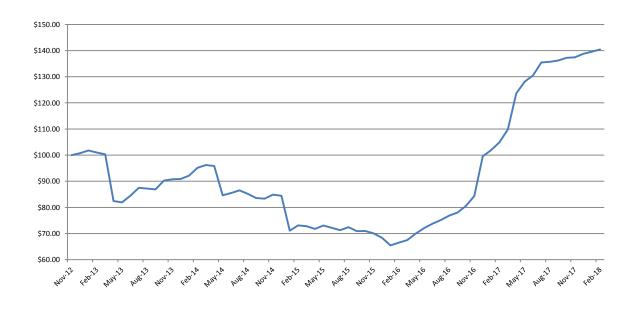
THE RIO CLUB



RIO REGULAR INVESTMENT ACCOUNT USD



Investment Manager Comments

This RIO Account has started the year with a modest gain, up 0.61%. This is the twenty fifth consecutive gain produced. It is important to mention that both the back to back gains and the regular accounts performance, in terms of returns namely 114.62%, has made this account as the best performing stock related product the RIO Club has ever designed, launched and managed.

I continue to hold a larger than normal cash position, the reason being that I stand by my forecast of the arrival of a stock market correction. This is good news since I am an events trader! Should my prediction be borne out, then this would represent a massive investment opportunity, which could then easily be turned into excellent potential returns through trading in the market.

Notable January trades

Lockheed Martin was acquired on the 2nd January at 311.11 with 30% of the total stock held sold on the 25th at 334.4. The stock continued to rally giving me another opportunity to take profits on the 26th when I sold another 10% at 339.22. Elbit systems was acquired on the 12th Januaryat 138.84 with 50% of this stock position sold on the 26th at 140.88.

Several members have mentioned that RIO's Regular Accounts are becoming the "talk of the town" on the back of both their continuing consecutive gains and overall outstanding performance to date. The results posted for this investment have almost doubled the comparative value of the returns produced by the Account's benchmark, namely the Dow Jones, which returned 58.97% and although the market produced a reasonable return, its performance pales by comparison with RIO's impressive 111.26%, over the same two year period.

As I have said several times previously, active trading is vastly superior to a "buy and hold" strategy, especially if one seeks to limit the risk taken. It is important to remember, however, that this product is a high risk investment.

The US stock market

Donald Trump hailed a bustling US economy in his first **State of the Union** speech on Tuesday, 30th January, taking credit for economic growth in the first year of his presidency as well as generating low unemployment and rising wages. He told members of Congress and the nation that business confidence is at an all-time high, although US markets have suffered a second day of steep losses, as investors dumped health care companies and Apple. The blue chip sector sank nearly 1.4%, marking its biggest one-day decline in months.

We started 2018 with stock markets at near an all-time high, this despite overstretched valuations. However, recent political reforms in the U.S. could still create tailwinds for stocks, especially with the tax act and other fundamentals that are driving it. Basically short term the market has more room for upside.

William Gray The RIO Club