



Investment Manager Comments

The Regular Investment Account (GBP) started 2019 with a gain, up 2.23% in January.

Looking back, the RIO Regular Account showed its worth outperforming its benchmark in 2018, posting a net gain of 23.69%. Against this, the Account's benchmark return (the FTSE) was down 12.48% for the year. The net result of this is that the RIO Regular Account has done exactly what any well managed investment sets out to do, that is outperform its benchmark, and return a reasonable gain for those invested. But more importantly in doing so it has also demonstrated that the trading strategy used throughout the period was highly effective.

I would stand by my comments last month and underline that today the UK stock market looks oversold; accordingly we shall almost certainly see some upside in the coming months.

As for Sterling, its position began to brighten in January, as the pound finally managed to edge higher against the dollar, but gave up some ground as the month closed. Looking forward there will still be volatility in the currency until a clearer position is portrayed on Brexit. As the month draws to an end we have seen parliament authorise the UK prime minister to go back to Brussels and try to renegotiate her Brexit deal.

Brexit seems to be a platform for would be experts and analysts to tout their opinions, I simply stand by my comment of last month that many analysts have been producing a broad range of suggestions on Brexit scenarios; with most citing that the UK may be worse off from an economic standpoint post Brexit. That said, since these analysts are basing their forecasts on treasury remarks one could argue that the forecasts may be meaningless. Again I would add my comment that, in the past, treasury forecasts have almost never been right, and have more often been dramatically wrong!

As the end of December approached I had forecast and expected that there was further hope for a US-China trade deal. A deal would be very positive sign for the markets. The Trump administration is currently in talks with the Chinese government and it looks like a deal is coming.

Members should take note that volatility can and often does produce investment opportunities. Accordingly, looking ahead, the Regular Account could produce a more than reasonable return in early 2019.

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