



Regular Investment Account Manager Comments

The Regular Investment Account, like all RIO products, has started 2016 with a gain (1.59%) this despite the stock market collapse and the first two weeks of 2016 being the worst start to a new year in market history (1927). To put this in perspective, the Dow dropped 1,400 points, the Nasdaq dropped 10% and the S&P lost almost 8% of its value. So what did we do right? The Account held stocks that had already suffered significant losses during 2015. By averaging these down significantly during December the account simply benefited from the continuing stock market volatility.

Additional TESCO stock was bought at 143 on the 14th December with further addition to this position on the 22nd December. I then sold these recent acquisitions this month at 168 on 14th January, selling 50% of the position. The second profitable trade of 50% of the stock at 173 was closed taking profits on 29th January 2016. In doing so, the month ended showing a gain. Gains were bolstered by trades placed on the back of the December rate rise by the Fed, in turn giving a rally in USD against most currencies.

I had chosen to focus on the Dollar/Sterling exchange rate, since I have a substantial history of trading this pair profitably. The Fed rate rise had strengthened the USD, which had rallied against Sterling. I took advantage by selling dollars and buying sterling at 1.41. Predicting that I could reverse the trade as the Fed would likely put further rates on hold, which would weaken the USD, and which has been proved correct, I reversed the trade at an exchange rate of 1.4380, again taking profits.

William Gray
Account Manager