



RIO REGULAR INVESTMENT ACCOUNT GBPInvestment Manager Comments

During December the Regular Investment Account (GBP) fared well gaining 0.18%. This was achieved despite the fact that the UK stock market suffered from negative news, which by month end had driven the FTSE 100 down -3.61%. More importantly the RIO Regular Account has truly outperformed this year, posting a net gain of 23.69% in 2018, whilst the accounts benchmark return is down -12.58% for the year. The net result of the above is that the RIO Regular Account has done what it set out to do; both outperform its benchmark and return a reasonable gain for those invested.

Market comment - I would point out that the UK stock market now looks oversold and as such we will almost certainly see some upside in the coming months. As for the mighty Sterling, its position began to brighten in December, as the pound finally managed to edge higher against the Dollar. There will, however, still be volatility in the currency until a clearer position is portrayed on Brexit.

Looking forward there has been many analysts producing a broad range of suggestions on Brexit scenarios, but with many citing that the UK may be worse off from an economic standpoint. That said, since these analysts are basing their forecasts on treasury remarks one could argue that the forecasts are simply meaningless. 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 hopes for a US-China trade deal. Such a deal would be a positive sign for the markets. The Trump administration are in talks with the Chinese government "at all levels".

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

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