



Investment Manager Comments

The Regular Investment Account has started the year with two straight gaining months, up 7.65% in the first eight weeks alone. This performance added weight to the faultless record of 2016, which yielded a significant 55.79% return for those invested in this Account.

Today, we are living through a very unusual time in history. Detailed research and analysis points to one simple conclusion; that history is about to repeat itself as we draw near to what looks like the final stages of a massive bull market.

This past month, given the current situation in the US with Trump just a few weeks in office, I have been selectively taking profits to lower risk. However, there now appears to be some clarity from the initial actions of the new president. That said, as I had correctly predicted, Mr. Trump's initial actions in the first few days in office were very telling indeed.

The main stock traded for the Account during this Month was executed on the 20th February, when I sold 100% of the position held in Lockheed Martin at 263.27, taking profits. I took full advantage of the rally in this stock, partly due to the Pentagon's positive announcement earlier in the month that the tenth allotment of 90 stealthy fighter aircraft had been agreed. This is the first time that the price per jet had fallen below \$95 million, saving more than the \$600 million that U.S. President Donald Trump claimed he had been able to save from the F-35 cost. Despite the price reduction, the overall confirmation of this order naturally had a positive impact on the Lockheed stock overall.

As always I continued to trade the Dollar Sterling through the month and on the 7th February I sold 35% of all USD cash held to acquire Sterling at a currency ratio of 1.2356. As I had anticipated Sterling rallied back in to the normal range by the 14th of the month, I therefore reversed the position taking profits and selling Sterling to Dollar at 1.2521 as Sterling defended the line against the Dollar.

Sterling again fell back to 1.2410 by the 19th of the month, and yet again I sold US Dollars since I had doubts about the Dollar's ability to rally at that stage. I was proven correct, and reversed 100% of this trade on 23rd of the month at 1.2539, netting gains for those invested in this Account.

Sterling remained slightly volatile but within the 50 day moving range.

William Gray
The RIO Club