



RIO REGULAR INVESTMENT ACCOUNT GBP

Investment Manager Comments

The Regular Investment Account (GBP) has produced yet another gain, up 0.72% in February.

Looking back, the RIO Regular Account showed its value, outperforming its benchmark in 2018 posting net gains of 23.69% much to the satisfaction of those invested. In comparison the Account's benchmark return (the FTSE) was down -12.48% for the year. This demonstrates that the RIO Regular Account has done exactly what any well managed investment sets out to do, that is to outperform its benchmark return, and return a reasonable gain for those invested. More importantly, in doing so, it has also underlined the fact that the trading strategy utilised throughout the period was highly effective.

As for Sterling, its position began to brighten in February, as the Pound again managed to edge higher against the Dollar, the Brexit plagued currency making a gain following Theresa May's announcement on Tuesday 26th. Here the Prime Minister made it clear that the door is open to a possible Brexit delay. Following that announcement Sterling gained 0.48% against the Dollar at \$1.3315 reaching a 7-month high. Looking ahead, there will still be volatility in the currency until a clearer position is seen on Brexit.

Stocks in both the US and the UK rallied

Stocks were given a tailwind as mainstream investors opted for riskier assets based on hopes of an end to the trade dispute between the U.S. and China. But it's looking like a 'risk off' again as the US President Donald Trump walked out of the North Korea summit in Hanoi without an agreed communiqué saying the North Koreans wanted sanctions lifted in their entirety, which proved a deal breaker. We should see Gold rally a little as investors run to safety assets.

London property market in downturn

RIO's previous warnings on the London property market and its downside have been proven correct, as many property based companies in the UK are beginning to suffer losses. For example - Foytons a London focused property agent was pushed into a loss of £17.2m; they have closed six branches during Q4. The agent reported weak trading conditions citing that the London property had moved in to what was beginning to look like a prolonged downturn.

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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