



Regular Investment Account Manager Comments

The Regular Investment Account, like all RIO products, has started 2016 with straight gains, up 3.12% in two months. This despite the stock market collapse and the first two months of 2016 being the worst start to a new year in market history (since 1927). To put this in perspective, the Dow dropped 5.21%, the FTSE dropped 2.32% and the S&P has lost 5.47% of its value in the past eight weeks. 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 benefited from the continuing stock market volatility. Additional Tesco stock was bought at 143 on the 14th December 2015, with further addition to this position on the 22nd December. These recent acquisitions were then sold at 168 on 14th January, with 50% of the position being sold at a profit.

The second trade of 50% of the stock at 173 was closed on 29th January 2016 with further profits taken. Finally, the remainder of the Tesco stock was realised on the 16th of February at 180.55 which has brought the Account into profit this month. As for Baker Hughes, I took the decision to cut a further 20% of the Accounts position in this stock on the 4th of February and this has proven justified as the stock fell 0.58% this month.

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