



RIO REGULAR INVESTMENT ACCOUNT USDInvestment Manager Comments

The Regular Investment Account (USD) produced its first loss in over 33 months during October, losing 1.23%. Just as the stock market mayhem, which I had correctly predicted, arrived. That said, the Account has produced a truly staggering record recently; in the past 34 months it has recorded 33 consecutive gaining months with only one losing month. As such this investment remains the envy of the industry.

This record breaking period has produced a net return of 128.73% for members invested, and has dwarfed the returns produced by the benchmark (Dow Jones), which posted a gain of 44.14% over the same period. Better still perhaps is the fact that this investment has far exceeded its forecasted return by fivefold.

The month of October has long had the reputation of being one of the notoriously risky months in which to speculate in stocks and so this was proved once again. Given the current unsettled status of the worldwide political arena and stock market condition, I was not surprised to see a correction from the previous highs. The Dow Jones ended October down over 5%. However, due to the safety stance which I had taken as we entered October, the Regular Investment Account fared far better. I correctly elected to hold a larger than normal cash position which effectively reduced the downside risk, the move to cash importantly afforded the Account the opportunity to be ready to take full advantage of any buying opportunity which would be created by market correction. The Account is as such well placed as we are about to enter November.

To reiterate, active trading such as that utilized by RIO for this product's investment strategy, is vastly superior to a buy and hold approach. Active trading is especially useful if one seeks to limit downside risks in today's market, indeed it is undoubtedly essential. However, it is important to remember that the Regular Investment Account is a high risk investment and, accordingly, can produce losses as well as gains.

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