



Regular Investment Account Manager Comments

The two top holdings, Tesco and Baker Hughes, both witnessed continued volatility, down 4.30% and 2.69% for the month respectively. The continued stock market volatility obviously has a negative effect on the Account and most would expect this given that the Regular Investment Account holds almost 100% of its assets in stock.

The reduction in the exposure to Baker Hughes in July combined with the subsequent repositioning in August has our average cost of this holding at \$48.26 a share which is below its value today of \$52.04. Halliburton and Baker Hughes continue to be plagued by red tape on their merger, however, both said on Monday that they plan to unload a handful of other businesses as they continue to seek regulatory approval for their \$35 billion merger.

The Tesco stock value fell as it bore the brunt of stock market volatility. Some analysts feel that the stock is oversold. On the positive side Tesco remains a power house being the dominant grocer with a 28.3% market share.

On the 7th of September it looks like the bidding group led by private equity house MBK Partners Ltd has finally agreed to a deal to acquire Tesco's South Korean business.

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