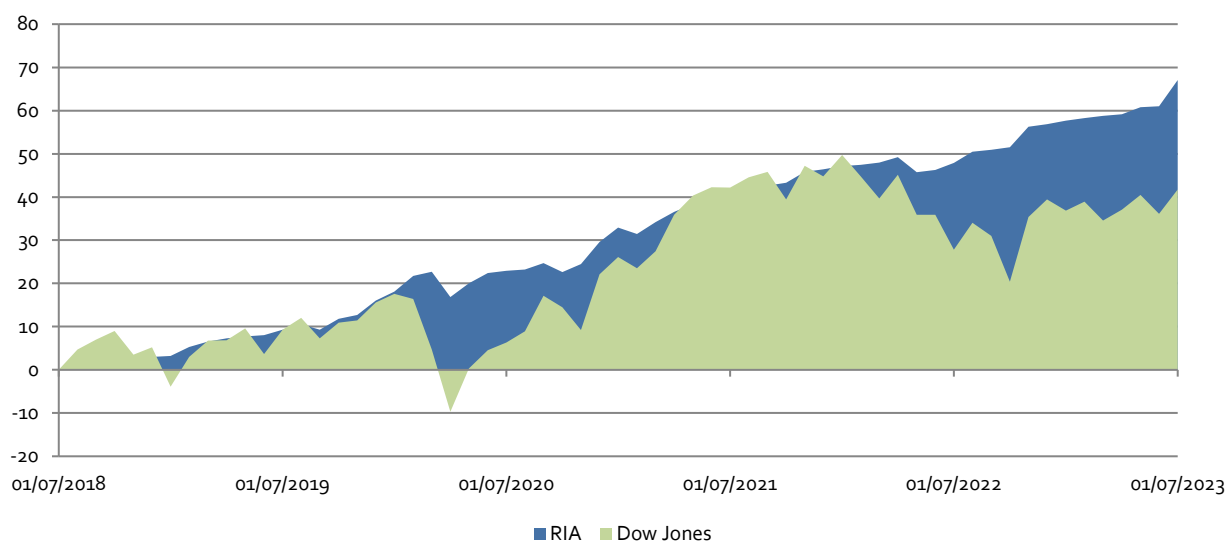




RIO REGULAR INVESTMENT ACCOUNT USD



The Regular Investment Account USD recorded a 3.75% gain during June, the accounts sixth consecutive gain this year. The investment has continued to be a favorite among members, and for good reason; both the three year, and five year returns are strong at 35.89% and 67.07% respectively. The account was launched in November 2012, and has certainly rewarded long term investors, many of whom have benefited from the 145.98% net gain filed to date.

As May ended and June began, the account held 22.81% of its asset allocation in equities with the remaining 77.19% at that time held in cash. The percentage held in cash fell as we moved through June, as I increased the accounts weighting to stocks, acquiring shares in B.A., RCL and CCL. The additional weighting in stocks proved its worth as each of the acquisitions rallied higher and were sold, moving both the original capital, and gains back to cash.

Notable trades

Royal Caribbean Cruises has been on our equity watch list for months, an asset that we and our analysts felt had a strong upside potential. I bought and sold the stock several times this year but had yet to see the potential materialise. That said, I reacquired the stock on the 15th of May, and our research proved its worth. The stock rocketed higher and I closed the trade on the 15th of June, moving both profits and original capital back to cash.

I also have traded Carnival Corporation & PLC several times successfully in recent months, and again we had identified this stock's upside potential, as such, I acquired the stock on the 31st of May utilizing 5% of the cash held to do so. This trade was closed on the 13th of June, again moving both the original capital and gain back to cash.

Wall Street's major averages closed out a strong first half of the year on an upbeat note on Friday the 30th. The Federal Reserve's favorite inflation gauge, the core personal consumption expenditures index - moderated in May on both a month-to-month and year-to-year basis, easing some of the rate concerns that have weighed on markets recently.

Looking forward, there are some signs emerging that several investment institutions now have a brighter outlook on stocks than they did just a few months ago. Our research indicates that positioning in U.S. stocks looks stretched for the first time in over two years. While the low-volatility environment encouraged quant funds to buy up stocks early in the year, now discretionary investors are beginning to join the herd. This could drive stocks higher in the short term.

William Gray
The RIO Club