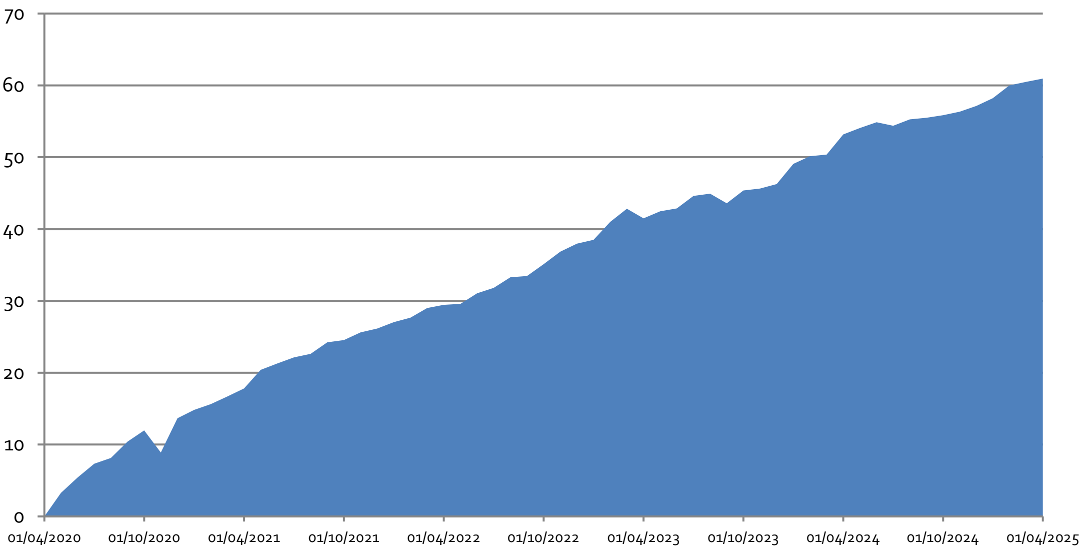
THE RIO CLUB

13 April 2025

RIO REGULAR INVESTMENT ACCOUNT GBP

The RIO Regular Investment Account GBP returned 0.29% during March, this gain recorded whilst the accounts benchmark (FTSE 100) closed the month down 2.58%. As the month opened, I had taken action to reduce equity exposure, this was done because I had anticipated the stock market sell-off. The market had fallen almost 4% by the 11th, importantly the move lower had provided the opportunity to reposition.

It's worth mentioning that trades closed during early March were closed in profit. Lloyds Banking Group stock was sold on the 5th of March at 73.71 and required the stock at 67.92 on the 12th. Other equity positions closed included all holdings in Tesco plc, Anglo American plc and Carnival Cooperation plc, the latter was also required at a far lower book cost on the 12th.



Percentage Return, 5 Years

The repositioning and active trading led to the gain posted at the month's close. Looking back, this proactive strategy has produced nine consecutive gains despite the market volatility.
Many in the investment industry have stated the obvious analytics on how much of a downside different companies and sectors could potentially see. But I want to focus on the real issue, the threat of a global recession (economic slowdown) which, in the short term, could drive stock markets lower. After all, business's confidence has been dented by recent tariff announcements with the current appetite to spend negatively affected, and consumers will start to cut their spending too. A recession could hurt businesses in a range of industries, including banking, construction and retail.

RIO was not fully invested like most in the industry, so in short, the downside for us, unlike most equity investments, was already limited! I would suggest that members take note this is not the case for most equity investments; mutual funds, trusts and collective investments have taken a real beating. The takeaway is that it's our strategy has as always protected our members, and it's this proactive strategy which continues to limit the downside risk from the stock market sell-off. Equally it also positions us with cash ready to invest as the market is pushed in to an oversold position. Our analysts are bargain-hunting.

Armed with 30 years of experience and having traded several stock market crashes successfully, I embrace the opportunity which this brings. As I have always said, bad news is good news if you know how to use it!

Market

President Donald Trump had remained steadfast in his plans to impose steep new tariffs on imports for several weeks, a policy which could lead to economic chaos. There has been a significant fall in global stock markets, although markets enjoyed some reprieve when Trump shifted his approach announcing a 90-day suspension on tariffs for imports from nearly 60 countries and the European Union. This pause provides the opportunity for US trading partners to negotiate agreements to avoid the tariffs.

Uncertainty will continue to plague the markets until the outcome of the pause becomes clearer, with potential scenarios including news on a positive deal, or yet another deferment. For now the markets will be volatile in the short term, but corrections, as always, can offer opportunities for those with the risk tolerance, especially should you look at an 18/24 month horizon.

William Gray
The RIO Club