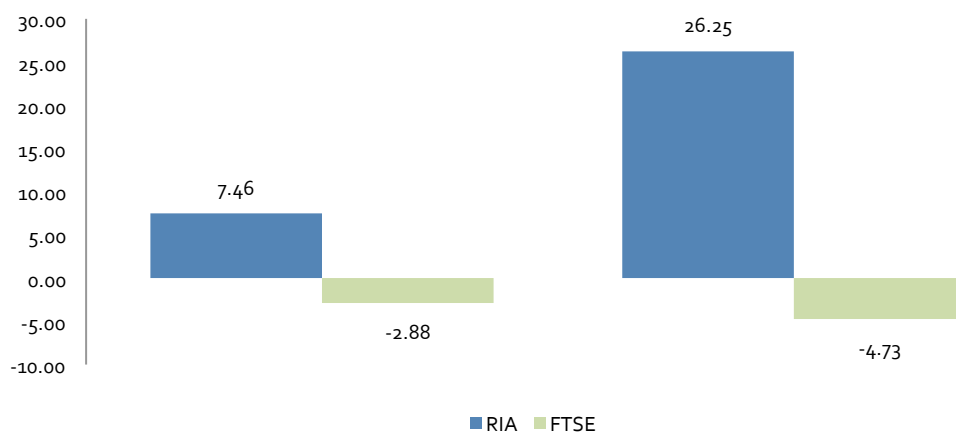




RIO REGULAR INVESTMENT ACCOUNT GBP

The Regular investment Account (GBP) has produced gains of over 43% since its launch.

It is important to note that this investment has significantly outperformed its benchmark return the (FTSE 100) since launch which, by comparison, has lost ground, down 1.66% over the same period.



Notable Trades

I invested 15% of the cash held to acquire Barratt Developments PLC stock on the 8th May at 586. I was then able to close the position on 14th May at 609.60, with both capital and profit then returned back to safety. The next day, on 15th May, I acquired Hiscox Ltd stock at 1575 and swiftly took profits and capital back to safety on Friday, 24th May. In spite of the fact that the market was plagued by continued Brexit tensions and the stepping down of the UK's PM, a total of three other trades were both placed and closed in profit prior to 29th of May.

The Market

Looking at the current market in the UK, some British equities have suffered and are arguably undervalued at present. A recent survey of global fund managers indicated that investors are more negative about the London stock market than at any time in the past twenty years. Consequently, the FTSE 100 has traded on a price-to-earnings ratio of 11.5, which makes it extraordinarily 'cheap' by historical standards, the undervalued position is amplified in USD terms.

To summarise, basically Brexit will likely have a positive effect, since the effect is to increase the Sterling value of British companies operating offshore, such UK companies are generating returns from foreign income. In turn, this will have a positive impact which translates into an increase in the share prices of such companies. This, coupled with a weak Sterling, makes UK companies' stock extraordinarily cheap again, especially in USD terms and, accordingly, this position is already drawing more investors from across the Atlantic.

The additional buying will also draw further attention to this undervalued situation, and lead to increasing interest in UK stocks.

The take away is that the above is all good news for members, who are already invested in this Account. It is also encouraging for those contemplating new and or additional investment!

The Regular Investment Account (GBP) continues to do exactly what any well managed investment sets out to do, that is to outperform its benchmark return and produce a reasonable gain for those invested.

It may be of interest to note that as May draws to an end and given the fact that only one trade remains open, I am almost certain that we are about to record what will be the seventh consecutive gain since October 2018.

William Gray
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