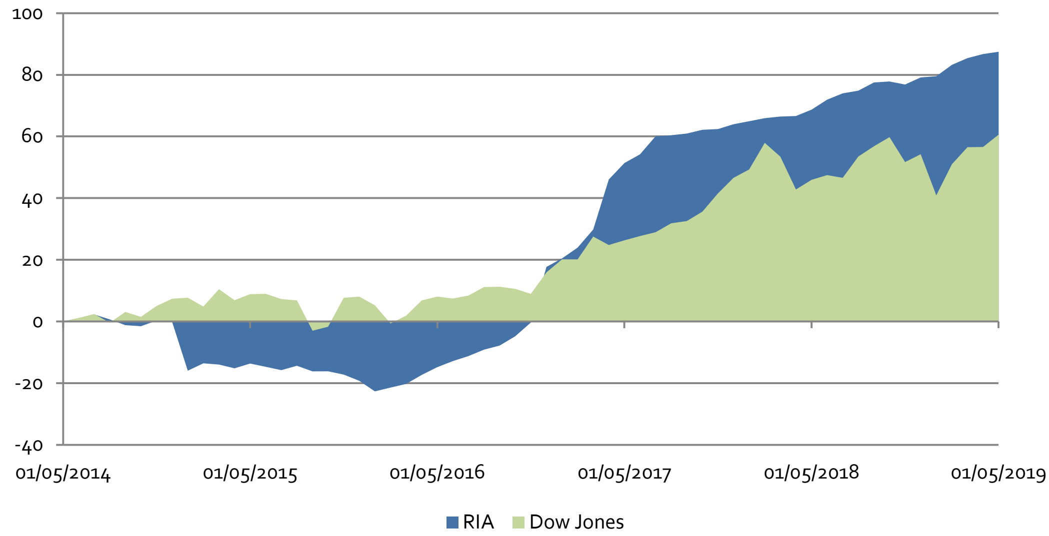
THE RIO CLUB

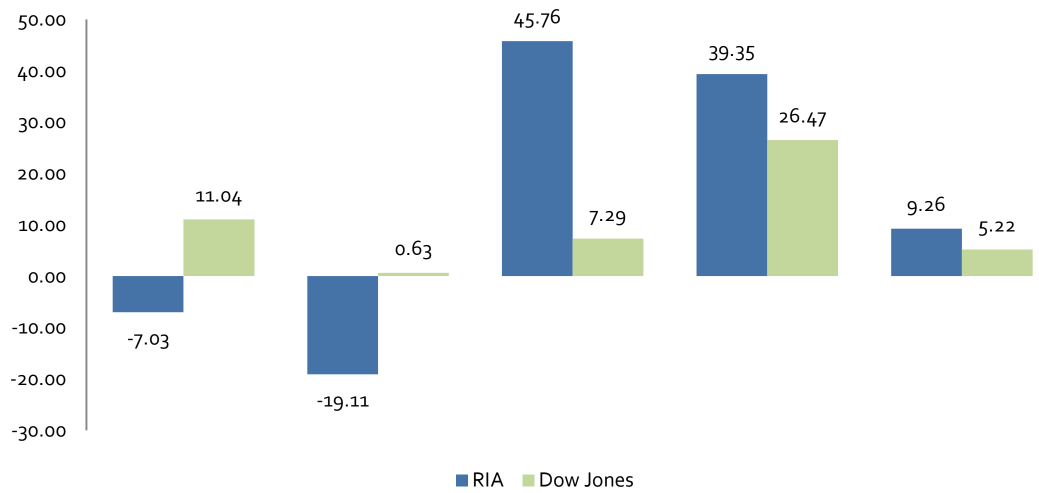
17 May 2019

RIO REGULAR INVESTMENT ACCOUNT USD



The RIO Regular Investment Account (USD) produced a positive month during April, recording a gain of 0.40%. This Account is considered to be one of the least volatile stock-related investments available. Over the past three years the Account has been almost void of volatility, having recorded only one losing month in that period. The RIO Regular Account has generated a net gain of 120.13% which is a more than acceptable return for the risk taken. I am sure all invested would agree with that comment.

To date, both the quality of this product and its trading strategy have been proven but, as always, it is important to note that this is a stock related investment and, like all such investments, it is categorised as high risk. Recently several members have proposed that they invest 100% of their capital in the Account, but this approach is not wise. Personally, I would never hold 100% in a high risk. Indeed doing so can be very profitable, but the sensible and prudent route forward is to establish a well balanced investment portfolio, which RIO can help you build.



Above are the recorded statistics for the five year period. The table is shown on a calendar year basis from which it can clearly be seen that the Regular Investment Account (USD) has consistently and significantly outperformed its benchmark, namely the Dow Jones. The Dow Jones produced a reasonable gain of 48.64%, but by comparison the return of 120.13% posted by RIO is near treble the return over the same period and importantly this was achieved at less risk to the capital invested.

Trade wars

Looking ahead, as we move through May, at the start of the month there had been somehope for a satisfactory US-China trade deal, and this would be seen as positive by the markets. However, matters have heated up over the past three days after the US more than doubled tariffs on $200bn of Chinese imports.

Chinese foreign ministry spokesman, Geng Shuang, commented that China would "never surrender to external pressure". Hard words. In retaliation, China responded in similar vein, announcing that it will raise tariffs on $60bn of US goods from 1st June.

Donald Trump commented that he would meet Chinese President Xi at a G20 summit scheduled for late June. It would seem obvious that neither side wants an all-out trade war, so the take away remains that both the U.S. and China need a deal for the sake of their economies. Their failure to find common ground will weigh on stocks globally.

With Chinese growth slowing and risks at home rising, Xi more than ever needs to assert himself. China’s state media proclaimed that China will “fight to the end if the U.S. wants to". This follows Donald Trump's announcement on the implementation of additional tariffs on Chinese goods. The rhetoric was, of course, targeting China's domestic audience. However, in this environment and with a U.S. election season drawing closer every month, it could be difficult to negotiate a way forward at the upcoming G20 summit.

A successful outcome at the G20 would see stocks rally, which would almost certainly benefit the Account.

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The RIO Club