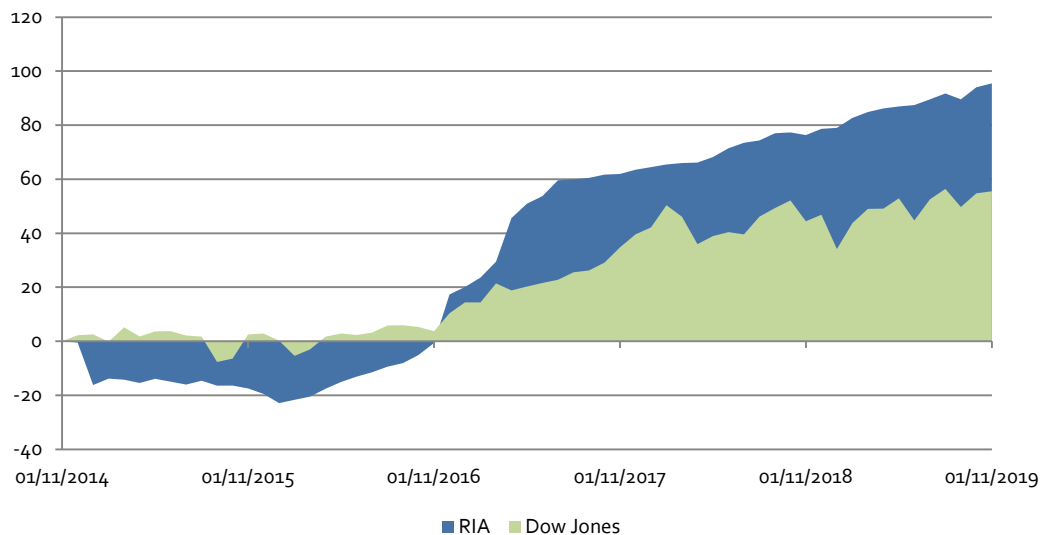




RIO REGULAR INVESTMENT ACCOUNT USD

The RIO Regular Investment Account USD produced a gain of 0.76% during October, while the accounts benchmark the Dow produced only 0.48%. The Account continues to produce the desired result, both to outperform its benchmark return and to post positive gains.



This account has a remarkable track record returning 10.86% in the past twelve month period, whilst its benchmark has produced only 7.69%. It is even better considering that the outperformance can also be seen over the two, and three year periods. Statistically, this investment has posted 20.72% in two years, against the Dow which produced 15.41%, the 3 year numbers reported by RIO is exceptional at 95.49%, this is in stark comparison to the Dow which produced a gain of only 49.05% (almost half of that produced by RIO).

Looking back, the focused trading of defense related stocks such as Elbit systems and Lockheed Martin have again accounted for much of the gains produced in 2017-2019. Identifying the opportunity and trading the above stocks is one reason why the account massively outperformed its benchmark return, another is due to the active trading strategy employed, the net result of which being the returns generated for those invested.

US China on going Trade talks

The ongoing trade talks between the US and China were very constructive and both sides are getting closer to an agreement. Both the US and the Chinese have commented that they are in in-depth discussions which may become the first phase of the trade agreement. Such an agreement may be the beginning of the end of the three year trade war which has raged between the world's two largest economies.

Looking back

Overweight equities seems to be the order of the day despite overwhelming evidence of economic activity slowing down. Monetary policies forcing down interest rates are creating strong substitution effects and 'there is no alternative' behavior which is offsetting the worsening macro. We now have to contemplate a potential melt up scenario in US equities striking a similarity to the 1999-2000 rally.

Global debt

World debt rose above \$250 trillion in the first half of 2019 this is a new record high. It may come as no surprise when I say that China, and the US account for more than 60% of new borrowing.

William Gray
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