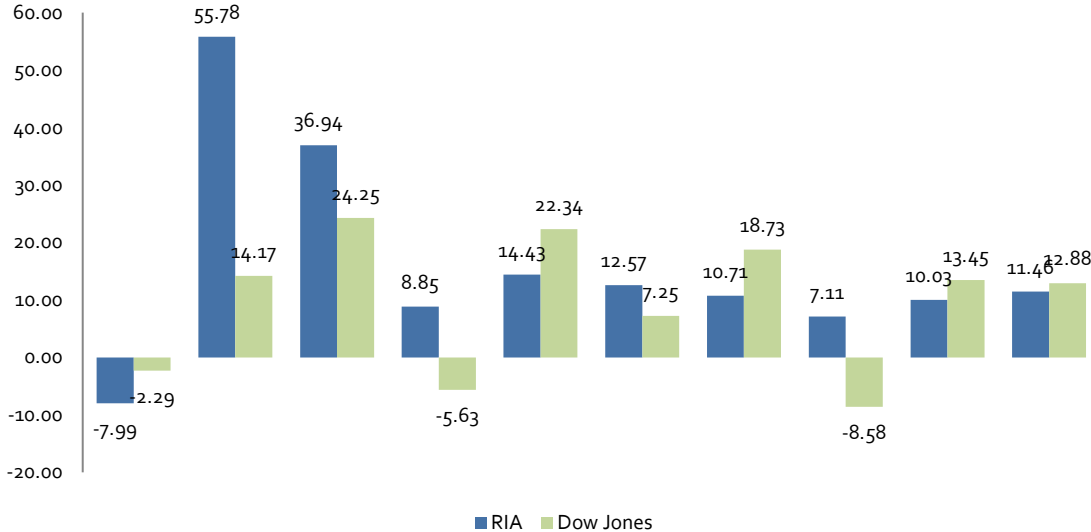




RIO REGULAR INVESTMENT ACCOUNT USD

The Regular Investment Account USD has reported nine consecutive gaining years in the last decade, recording 104 gaining months in the period. Over the entire decade this investment showed its worth having filed just sixteen losing months. The lack of volatility and constant upward growth are just two reasons why the account has remained a favourite with members.



More recently this account gained 0.23% in April, this as the Dow Jones fell 2.20%. It was the proactive actions to reduce the exposure that limited the downside during the month. As we moved through April, I sold several equity positions before the stock market sell-off which tanked the markets. The strategy of moving capital to safety has yet again been proven to be prudent. The weighting to equities at the end of March was purposely held low at 20.76% and today having bought into the correction it stands at 29.13%, the remainder held in cash ready to buy back into any further correction. The account was therefore well placed as we entered May and last week I deployed capital buying stock and lifting the equity allocation to 36.8%.

During the past week I bought Lockheed Martin stock on the 16th @ 406.73, British American Tobacco stock at 311.29 and Northrop Grumman Corporation stock. As I write all three stocks have rallied higher. I had taken full advantage of this sell-off to reposition the account and as such this investment is currently in positive territory. The markets have bounced back relatively quickly, aided by Trump’s decision to pause some of the worst tariffs for a period of 90 days.

Market

Despite the 90-day pause in reciprocal tariffs for the rest of the world other than China, US consumers are facing the highest average effective tariff rate since the 1930s. The recent market recovery indicates that traders and fund managers seem to believe that the more extreme trade war scenarios have been averted, while other concerns like the US Federal Reserve’s independence persist for now.

But some of the damages inflicted on business and consumer confidence since 2nd of April cannot be

reversed easily, and as such RIO have revised our expectations for US earnings in the coming 12-month period. And given the pressure on earnings and less attractive valuations following the recent rebound, RIO remains cautious on US equities.

We see a reduction of the risk of a US or global recession, and in the case of the US a pivot to a more growth-focused agenda in Washington could prove to be the new order of the day.

William Gray
The RIO Club