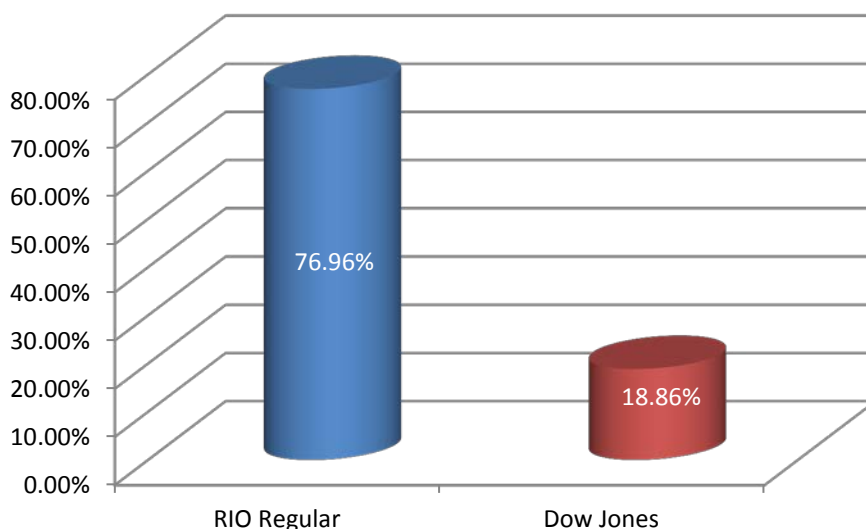




The Regular Investment Account has significantly outperformed its benchmark return. The chart below shows the performance of the RIO Regular Investment Account, RIO's direct stock trading product, compared with the Dow Jones, its benchmark, for the twelve month period to 1 June 2017.



What is a benchmark?

A benchmark is a standard against which the performance of an investment can be measured. Since 2012, it became mandatory for Fund houses to declare a benchmark index. Importantly, RIO clearly portrays the individual benchmark for each investment product on the pertinent investment factsheet. These factsheets are updated, and posted to our web site every month, each compares the precise performance of RIO against its benchmark. This benchmark is independent and is based on the objectives of the investment product.

How is performance of an investment measured against its benchmark?

If an investment in a given product delivers higher returns than the benchmark, it is said to have outperformed and vice-versa. Experts agree that if an actively managed fund delivers returns in-line with the benchmark, it should be considered as underperforming, and regrettably this applies to many funds in the industry. Any professional asset manager who charges fees should be striving to outperform the set benchmark. If the return on investment is less than or even only equal to an index or tracker fund (a product which has no fund manager, but simply aims match the return of a selected market), then that has to be deemed as charging for nothing in my opinion.

Asset Manager's Comments for May

The Regular Investment Account has posted its 17th consecutive monthly gain during May. The Account has now officially broken RIO's stock trading product record. The previous record of 16 consecutive monthly gains realized by stock trading had stood unbroken for eighteen years. This I have to say was no easy task, but I personally feel some satisfaction now that a new record has been achieved. And I am also sure that many of those invested would feel happy with returns recorded.

May added 1.87% to the overall gains, all monthly trades placed were closed in positive territory.

A selection of this month Trades- US market

Ruger stock, acquired on 1st May at 59.36, was sold on 9th May at 62.85

Boeing stock was bought on 1st May at 182.70, again a short term trade, and sold on 5th May at 184.96

Textron stock was added to the account selection on 2nd May at 45.80 and sold at 48.03 with profits taken on 11th May.

The selective trading of US defense stocks in the Regular Investment Account has more than paid off in recent months. This sector has just seen yet another improvement in sentiment following major deals which were secured in Saudi Arabia by US President Donald Trump, just as I had predicted! It will further boosted US defense companies and in turn bolster the stocks which I continue to be actively trade on behalf of the account.

Trades this month - UK Market

I did little in the way of trading in the UK market in May.

Randgold Resources stock was bought at 6610 on 3rd May, and sold at 7120 on 5th May.

The continued active stock trading, executed on behalf of the Account, has produced results significantly greater than the original 18% target return which was set at launch of this account.

US Market comment

World markets responded cautiously to the Trump decision to pull the United States out of the Paris Climate Accord and a number of US business leaders have expressed their concerns.

Trump pulled out of the agreement to take action to reduce pollutants that could contribute to the Earth's rising temperature, joining a group of only two countries in the form of Syria and Nicaragua as the only states not to back the deal. World leaders reacted angrily when Trump would not confirm at the G7 summit in Sicily that the US would remain part of the Paris agreement.

Recent statistical data released showed that the US payroll data showed a decline of 138k v the consensus 182k estimate. I believe that this may impact the Federal Reserve's plan to hike interest rates in June.

The filed statistics reveal that Job creation in the States slowed last month, surprising economic forecasters. U.S. non-farm payrolls increased by just 138K, undershooting economists' forecasts of an increase of 171K. In tandem, estimates for the previous two months were cut by a combined 66K. Looking at this by sector, the most significant slowdown in hiring was seen on the services side of the US economy, resulting from healthcare, leisure and hospitality firms taking on fewer staff.

UK market comment

The date of the UK General Election is now imminent, and opinion polls continue to show Labour gaining ground and the Conservative party's share of the vote shrinking. There are reports which seem to indicate that women and middle-aged voters were punishing Prime Minister Theresa May following controversies over the "dementia tax" and school meals, with a significant shift to Jeremy Corbyn's party among women and the 35-54 age group. Labour has also concentrated on highly personal matters such as jobs, health and education rather than the Brexit issue.

The Account has taken full advantage of the above.

RIO has identified several stocks which offer excellent upside potential and has already set both the acquisition and target price on each stock selected.

William Gray
The RIO Club