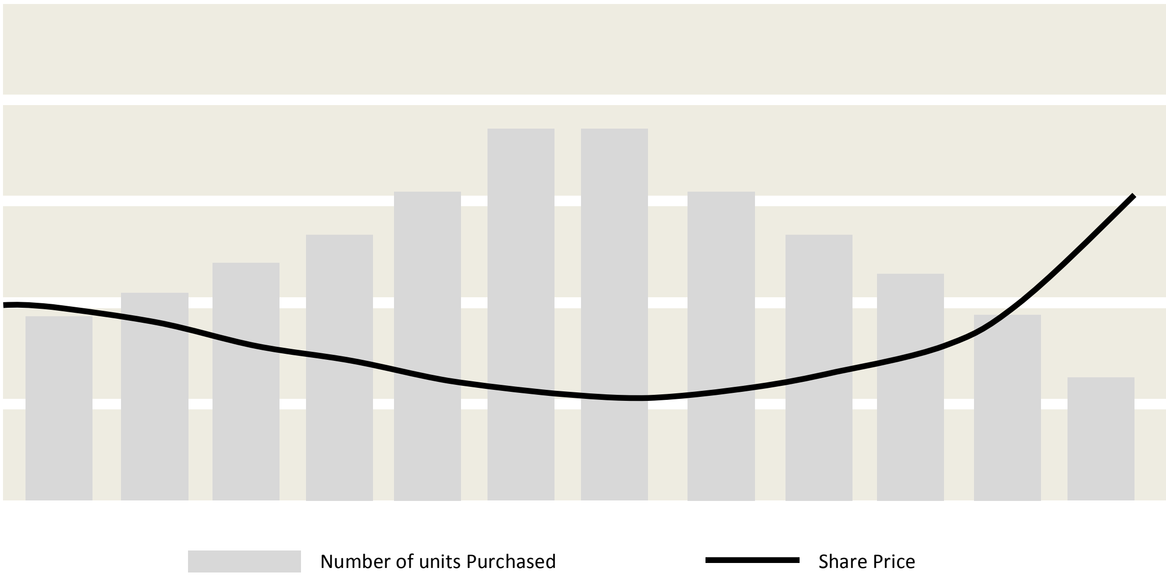
RIO REGULAR INVESTMENT ACCOUNT

As all members know this account is designed for regular premiums, not lump sums. The volatility seen is exactly what is required to produce long term gains. Falls in price bring to bear the full benefit of unit cost averaging applicable to regular investments, this is exactly what this account is structured for. Many people may not realise but buying in to a climbing market with a regular account is less profitable long term than buying into a falling market which corrects back to simply the original unit price before fall. Members should note that this account is RIO's only high risk product.

Example of unit cost averaging



Currently the largest stock holdings within the Regular Account are Baker Hughes and Tesco.

Baker Hughes

Baker Hughes was acquired on the back of a merger announcement with Halliburton in November 2014. As seen, the subsequent announcement from OPEC on 27th November stated that oil supply should be maintained at 30 million barrels per day, and this essentially flooded the market with oil causing the price of oil to drop, and thus the value of oil stocks down, which accounts for the drop in unit value of this regular account.

Baker Hughes stock lost approximately 10.5% for the period and, although it was hit hard, there is still a good level of interest being shown in the stock due to the probable merger with Halliburton.

During December, I sold and repositioned the Account; I did this in order to limit any further losses on Baker Hughes during the upheaval ravaging oil stocks at that time.

Looking ahead, I am positive on the potential upside of the retained portion of this stock longer term, late 2015 to early 2016, especially if Halliburton officially confirms that the merger is to proceed or, indeed, we see a positive move in the price of oil.

<u>Tesco stock</u>

Tesco shares, which were acquired in November 2014, also experienced volatility even though they were acquired at an attractive price. At RIO's bequest, I had already received the in-depth analysis compiled prior to acquisition. The analytical data received indicated that at the time this was likely an undervalued stock, with a very positive upside in coming months. That said, I was targeting a positive result in 2015.

We did in fact see positive movement in Tesco during January 2015, as expected. As for the remainder of 2015, I predict a reasonable profit in Tesco stock in the coming months. However, I would forecast that it may be the summer before we see some recovery of the unit price of the regular account, which would in turn most likely result in profit on units acquired over the current down period.

My recommendation – for those invested, it would be to average down by increasing the regular investment contribution normally made. This could maximise any potential gain but, most importantly, it would also minimise potential losses.

William Gray
Manager, RIO RIA