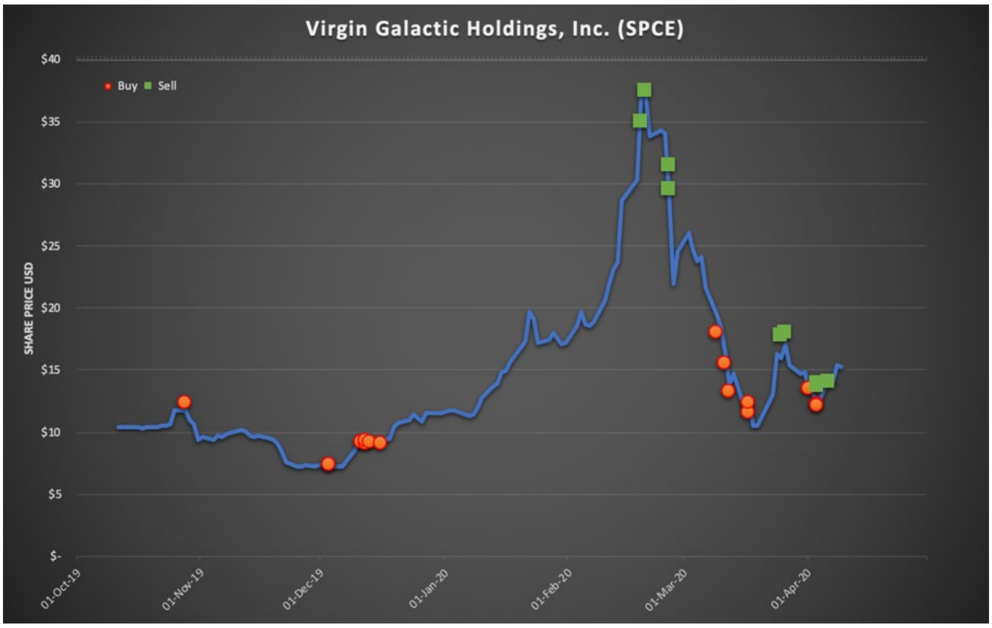
THE RIO CLUB

14 April 2020

RIO 888

RIO 888 has delivered out of this world performance in the first quarter of 2020, this in spite of the fact that stock markets lost trillions. This period is now accepted as the worst since the 1929 crash!

888, is regarded by many as the number of money, the aptly named investment account gained 70.75% in the first quarter of 2020 perhaps lending credence to its name. RIO had selected the correct stock, the timing of entry was perfect, as was the exit. Simply put, we sold as the mainstream industry, the herd, bought.



888 is yet another example of the advantage and benefit of the Club's structure having a dedicated provider of investment opportunity - RIO International Investments, the company is renowned for the early identification of investment opportunities, they design and deliver real investment opportunities to the membership, and in-fact this underlines the very core of both the Club's name and its growing success.

The performance delivered surprised many and it stirred several members to swift action topping up their existing investment in 888, many sharing this spectacular result with friends and family. Thank you, all members know that the referral of work colleges, family and friends is the very foundation that this club has been built on. A warm welcome to all the new members!

Before I answer all those who emailed questions, "on how was this astounding performance delivered", this is just the start there is already more good news on the horizon for those invested in 888; in the coming months, given the market condition, trading opportunities are likely to be multiple. The identification of precise entry points could see this account surpass the 100% net return mark. In fact, I am awaiting further volatility to average back in, and ideally net gains for the fourth consecutive time.

Questions answered

As mentioned above I have been inundated with questions on how this return was produced or even possible at a time when stock markets around the world went into full meltdown and trillions of dollars were lost in what is now seen as the worst period of volatility since the renowned crash of 1929.

My first response is, I am more than glad that all recognise such performance as exemplary. Below I lay out exactly how this was achieved.

This account is perhaps RIO personified; my team and I dedicated the time and effort to both identify and then execute a series of precision trades. These were crucial to stage one of the exercise, to average in to SPCE stock.

The net result being that it took three months for 888 to secure several positions in SPCE stock. The initial averaging in exercise went very well and by mid-December I had invested close to 30% of the original capital raised, and more importantly, had been successful averaging down the book cost of SPCE stock to just $9.39.

Things began to heat up earlier than I had expected due to both the increased media coverage on Virgin Galactic and an ever-increasing number of analysts rating the stock, SPCE, as a buy. This had caught the eye of several hedge funds who begun to buy SPCE, the additional acquisitions helped to push the new listing higher. I did not want to buy in to what was fast becoming an overbought situation, as such I stopped buying. I began to consider a change of strategy from one of averaging in, to one of averaging out - selling and banking gains.

Morgan Stanley joined the herd action and by 22nd of January they had issued a target price of $22 for the stock, later raised to $24, and also rated it a buy. This drove interest in this stock higher, as many traders and retail investors bought in.

The key take away here being perhaps obvious, RIO International Investments had an advantage; as usual we were among the first investment companies to identify the investment opportunity. We had already done the research, designed and launched a special product “888” which offered members a chance to potentially capture the sky rocket returns from SPCE stock. All this finalised long before the herd investors had even begun to realise the potential.

Being first to identify investment opportunities always gives the manager an edge, in this case it had afforded me the opportunity to lower the average book cost $9.39. On the 13th of February I was not surprised when many of those invested commented on 888 as the share price was at $28.68.

As the price reached $30 I switched tack preparing to sell and take profit. The increasing volume, supported by uptrend, led me to set two sell positions the first at $35 the second at $37.50. Both of these orders were filled and 888 had sold 50% of its stock holdings in SPCE with a substantial gain secured. That done, SPCE stock continued to rally to over $40 a share.

My decision to sell was proven correct as by February 24th markets were looking nervous. I had identified signs that this so far resilient stock would likely be negatively affected by general market sell off, therefore I set two further defensive sell positions; one at $31.50 the other at $29.50. The stock indeed swiftly fell back, and both sell orders were filled reducing 888’s SPCE stock exposure to zero.

Many renowned investment companies utilise buy and hold strategies, I prefer the harder route, requiring true dedication, a lot of extra time and a massive effort in order to deliver what is an exceptional active management style, not being prepared to put up in a stock meltdown is unwise, as many mainstream investment funds have reflected. Over the years many people have commented that I enter the market early. This is true and I have found that it is often rewarding. This is yet another example of entering an investment opportunity early, and sitting in wait, prepared to sell and get out early.

I was able to take full advantage of the fact that it would take time for antiquated institutions to wake up. As per norm the main stream investment houses bought in behind us, and in doing so they had pushed the stock higher, increasing 888's profit.

The account had achieved the initial goal, and effectively sold into the rally closing 100% of 888's holdings in SPCE in profit, in four precision trades executed between February 19th-26th.

Averaging back in, adding to gains!

This is not the end of the story, but it is the end of a very clear-cut beginning. Near the end of February, 888 had 95% of its assets in cash and at the ready as the stock market meltdown raged. This was to be what was the second opportunity to profit and bank gain; many fail to realise that a massively oversold position, when combined with an extremely volatile market, is in-fact a massive opportunity. Armed with decades of experience I was more than prepared, and very able to both place and secure three precise trades as I began to average into SPCE for the second time.
The stock market meltdown had caught most money managers off guard, as such I had anticipated that I would have time to average in before others began to follow suit. I started buying into market collapse, and had noted that a few hedge funds who had seen, and missed out on the massive gains posted by SPCE previously, were sure to want in on the action this time. I had Invested around 15% of the total cash held, when the stock market spike I had correctly anticipated arrived. This spike pushed the Dow up 10%; SPCE witnessed additional interest and also rallied. This gave me the opportunity to close 100% of trades in profit for those invested. The ongoing precision buying and selling had produced an average gain per trade of 159%.

I hope the above has answered members questions on the massive returns to date. But what can we learn from the above? I would hope that club members can now see the danger of investing in any buy and hold investment, such products or funds are antiquated. This can be seen by the facts; RIO's active investment strategy provided the perfect platform to react to market meltdown, enabling us to post gains while most lost. Almost every investment company in the industry suffered crippling losses, with many equity-based funds losing 30-50%. Members can perhaps see that most investment companies were simply not prepared for the sudden onslaught and carnage in markets.

RIO's active management style means that I almost always retain 25-30% in cash, which can, and often has, provided me with the tools to protect the downside for those invested. Retaining capital in cash may and does detract from upside in a bull market, however being fully invested increases the downside risk significantly. By holding a reasonable percentage in cash the manager in this case me, is afforded the primary opportunity to average down should the market suddenly experience volatility, or worse as is the case today - a crash.

Buy and hold investment often lacks the essential tools to reduce book cost, having such tools adds the potential of being able to exit early on any market recovery. To me investment it is not only about massive gains, it is also about being prepared, limiting the downside risk and giving up part of the upside potential in exchange for less risk.

This has always been RIO’s management style, one reason why RIO’s unique investment products often perform and offer the prospect of steady returns even in bear markets. It is perhaps telling that some RIO accounts have historically outperformed in such times.

Finally, never invest more into a speculative investment than you can afford to lose. Today, as always, RIO recommends that 15-20% of a member’s investment portfolio should be invested in physical gold. The RIO Club has for years retained its position offering two of the top performing physical bullion products in the world, in terms of absolute return in US Dollars and Sterling. Both have again shown to be more than fit for the purpose in a meltdown. A report for the RIO ARC Bullion Account will follow later this week.

RIO 888 is special edition to the RIO Club investment range. This particular investment carries a significant risk to capital, but for those members willing to accept that, this new product offers the explosive potential associated with level of the risk taken.

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The RIO Club