



RIO 888 was launched in Aug 2019 and the return to date is 47.66% in 37 months. That being the case, the average return is over 15% per annum. In comparison, Virgin Galactic stock is down 55% in the same period, a staggering performance difference which is due to the active trading of this stock.

The main holding of 888 is Virgin Galactic (SPCE), which was first acquired shortly after the company was listed and actively trading this stock for 37 months has enabled me to thoroughly understand the company and its operations.

The company's fundamentals have not changed, but the stock price has fallen as almost all stocks listed in this market have, most will be aware of the well-reported NASDAQ sell-off. As I write, the current price of SPCE stock is \$4.71 which is near an all time low, however, without any positive news on the start of commercial service, Virgin Galactic stock will likely remain range bound in the short term.

I predict the stock will remain locked in the \$4.40 to \$5.50 price range through the rest of 2022. Currently, 22% of the total asset class of 888 is invested in SPCE stock. As always I intend to add further to 888's SPCE holdings, doing so will average down the book cost of this holding. I have not added to our position in the third quarter.

Looking back this has proven to be the correct decision, as delays to the start of the commercial service have helped push the stock to an all time low. In holding off I had avoided further loss.

Looking forward, I expect further delays from ongoing supply chain issues, which, if right, would most likely push the stock price lower still, this would enable me to acquire additional stock below the current 30-day moving average. Again, if I am proven correct, and supply chain issues result in yet another delay to the commencement of commercial service then a move to below \$4 a share could be seen.

Historically the strategy of averaging in and out as SPCE rallied has paid off with healthy profits. The benefits of this approach are apparent when compared to the 55% loss individual investors, who bought the stock at the onset and held on to it, would have suffered.

This year's stock market meltdown also drove Virgin Galactic stock down and allowed me to build a stronger position in SPCE stock. The fact that SPCE's value has recently suffered due to the further postponement of commercial flights is unfortunate but beyond their control. That said, 888 remains positioned for the anticipated rally when commercial services begin. Historically even the announcement of an upcoming flight has led to a surge in the value of SPCE stock; a successful launch has previously driven the stock to a high. I fully expect this to be the case again. As such, the potential for strong gains in 2023 very much remains.

### **Galactic News**

The company deferred the beginning of its commercial flights by another three months to the second quarter of 2023. This postponement was due to parts and staff shortages to complete work to refurbish its carrier aircraft, Eve. On the good news front, Virgin Galactic has made progress with ticket sales, and the company has already sold sufficient tickets to support several years of space travel, which is a testimony to the demand for space flights.

William Gray  
The RIO Club