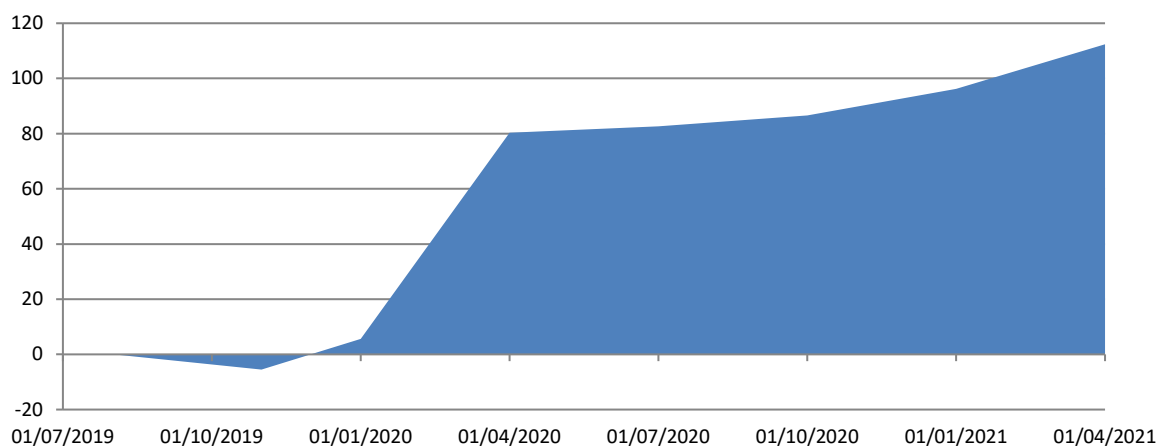




## RIO 888

RIO 888 posted a gain in the first quarter of 2021 up 8.21%. The figures since launch in August 2019 are equally impressive, this investment producing a net return of 112.38% for those invested. The returns posted to date have been in line with the risk taken, and thank you to all members who have come on board with RIO 888.



### Looking back at the first quarter of 2021

The most intriguing factor was the fact that during January the stock was exposed to a short squeeze. The fact that SPCE stock is often heavily shorted had attracted the attention of the unscrupulous investing community, they had been targeting stocks that have a high short interest and as such were vulnerable to a so-called short squeeze. This is where shorts are forced to buy stock to cover their negative bets, all of which drove the stock higher. As the stock rallied I sold 100% of 888's holdings in Virgin Galactic at \$32.53.

As for RIO's trades place during the first quarter all were profitable, this helped us post a reasonable return. But with the quarter over, and the short squeeze and its effects gone, I looked to buy back in. Both my experience and RIO research had me hold off awaiting SPCE to fall back to sub \$27, January and February passed and even Chamath Palihapitiya's sale of a significant portion of his stake in the company, didn't push the stock back in to my target price. Palihapitiya sold 6.2 million shares at an average price of \$34.32 per share, raising \$213 million. He still owns 15.8 million shares, or about 6.2% of the company.

With SPCE showing resilience I had to wait until March, adhering to my time tested trading ethos again paid off, and just as anticipated I was able to commence the averaging back at \$26.59 acquiring what was our first trench of SPCE stock. Anything above \$27 is in my opinion is a no - no.

Why? Well, there has been no fundamental change. If Virgin were issued their FAA licence, then that's a fundamental change which would most likely rally the stock in to the late \$30's. Following the issue of the official licence Richard Branson is set to take to space causing massive publicity, should his trip go without hitch then the stock will most likely rally even higher.

Opportunity came as Richard Branson sold \$150 million worth of his holdings in Virgin Galactic, in turn the stock finally traded down over 8% on Thursday the 15th of April. Importantly this provided me with the opportunity to add further to 888 holdings in Virgin Galactic.

I would point out that Richards recent sale of stock was to a degree expected, after all he had sold around \$300 million worth last year. In both cases the sale of Galactic stock was simply to assist and support Virgin Atlantic Airways during the COVID-19 crisis. This move is common sense, as the sale represents him banking gains in Galactic to fund the survival of his other business.

I can stand on testimony and say that Richard Branson is firmly committed to Virgin Galactic, following the sales Richard holds around 24% of SPCE stock. These sales provided some initial downward pressure on the stocks price, but for the long-term investor these sales relative to Virgin Galactic being granted FAA approval and a subsequent licence are just a buying opportunity. After all the company has clients signed up to pay \$250,000 to go in to space. Ultimately, with test dates set the stocks major upside or downside is now dependant on whether or not Virgin Galactic can get the licence, and with only two hurdles left this is almost certain.

Looking further forward, Virgin Galactic with their vision of both hypersonic travel and space travel could gain astronomical traction in the coming years, if so, this is one company which could in turn produce skyrocketing returns for RIO 888 and those invested. I underline that this is an investment for those who are prepared to accept a higher risk to their capital in return for what could potentially be stellar returns.

William Gray  
The RIO Club