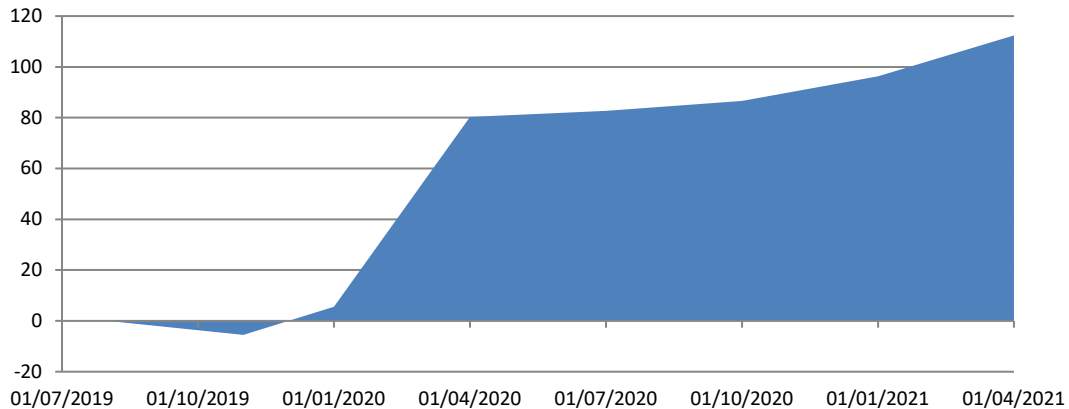




RIO 888

As the first quarter of 2021 came to an end RIO 888 ranked number 1, this investment producing the highest net return of any club product in the current investment selection. The investment strategy utilized since inception is more than fit for the purpose. On the subject of investment selection, it may be of interest to note that RIO International currently offers eleven ring fenced investment products, these are only available to RIO Club members and are not available to the general public.



The chart below, since 16th of February, clearly shows that Virgin Galactic (SPCE) stock lost over 70% of its value before bottoming out and subsequently trading higher last Thursday morning, in fact, climbing over 12% higher. The rally occurred on the back of Virgin Galactic's positive announcement on a rescheduled test flight for SpaceShip Two which was set for Saturday the 22nd of May.



The volatility above is yet another example of why Virgin Galactic is considered a high-risk stock, and as such, 888 which regularly trades this stock is by its very nature also a high-risk investment. That said, the active trading strategy employed and utilized by 888 has more than proven its worth. Since launch twenty-one months have passed, had RIO 888 utilized a simple buy and hold strategy since launch this investment would have seen far more volatility, and more importantly exposed those invested to increased risk. The take away from this is simple - trading SPCE stock has produced the desired results, namely it has massively reduced volatility and reduced the potential downside risk to

all invested. This in turn has proven the investment strategy to be correct and the net result of the active trading overall is the strong gains recorded to date.

Why had SPCE fallen back recently?

This was mainly due to test flight delays, which were exacerbated by recent sales of stock by both Richard Branson and Chamath Palihapitiya, the chairman of Virgin Galactic. These sales were further bolstered by three hedge funds who also sold the stock when Virgin Galactic announced that they were again to delay their test flight. Simply put, the additional delaying of the test which had been originally rescheduled from February to May had pushed the stock to the lowest level in nearly a year, the negative sentiment came days after SPCE had reached an all-time high of \$62.80 recorded on the 4th of February.

I have traded this stock since it first listed in October 2019 which certainly helps, I have placed and have closed over 96% of all trades to date in profit. As such, I would make comment that I am very experienced in trading this equity.

As such, I had no difficulty in not buying as the stock crashed 10/20/30/40% - but instead I had the ardor to hold true to the identified acquisition price, has so far proven to be the key to successfully trading this stock.

Armed with over 25 years trading experience, I began to average in when the stock had fallen to \$28, this occurred on the 25th of March. Importantly by then the stock had already lost over 50% and had fallen below our maximum acquisition price, importantly the bulk of the losses had already occurred. Had I bought any earlier this would have resulted in losses as I write today, timing as always is vital.

With the initial buy out of the way, as usual I began to average in further. To ensure this was achieved I increased 888's position (acquiring further SPCE stock), the net result of this exercise was to average down the book cost of this equity. I acquired additional stock on the 16th and 20th of April and added to the holdings on the 11th of May as the stock continued its downward trend. At the time our analysts agreed with my call - there was likely to be strong support at \$15 and the stock finally bottomed out near \$14.60.

From mid-May SPCE traded sideways, hovering between support at \$14.67 and resistance at \$17.33, before posting a strong move on the 21st on the back of positive news on the test date. I took full advantage of this rally to close two of the five positions held, doing so achieved two goals - firstly it had secured profits in both the closed positions, and secondly the profits banked would offset/ limit potential losses on the positions which remain open as I write.

Taking profit and reducing the overall position held prior to the test in this case was essential, the reason being that had the test on Saturday failed, for any reason, the stock could easily revisit \$14.67. As it turned out the test went well and on Monday the stock rallied higher, moving back above the \$26 level, it remains to be seen if this reverses the recent down trend.

In recent months I have been carefully controlling SPCE stock weightings due to the company's recent setbacks. Before I was prepared to commit to trading larger positions in SPCE, I first wanted to see some real progress on the testing front. I can stipulate that the success of this test flight is a major development as it has moved Virgin Galactic far closer to issuance of the all-important FAA license. When they achieve this goal it's game changing, for many reasons, one being that it will open the door to additional investment from mainstream investment houses which will be good for the stock.

The success of Saturday's test also means that 888 will finally move forward with stage two of our trading strategy, this involves the retention of the current SPCE stock which at present represents close to 20% of the net assets held by 888. It may be of interest to note that our current holdings in SPCE stock are in profit. The remaining cash position will, as usual, be utilized to trade SPCE stock in order to both limit the downside and maximize the potential gain.

Looking forward

Virgin Galactic is now planning three additional flights over the next four months, after which ticket sales should reopen. The resumption of ticket sales is likely to stabilize the stock in the short term and another successful test could prove to be something of a catalyst for the stock in the second half of 2021. Recent developments are supportive of the rationale to utilize 20% of the capital investment which are now weighted to a buy and hold position.

Virgin Galactic test flight a success!

Virgin Galactic completed its third spaceflight on Saturday and the first ever spaceflight from Spaceport America, New Mexico. This flight makes New Mexico the third US state to launch humans into space. During the test flight VSS Unity achieved a speed of Mach 3 after being released from the mothership, VMS Eve, and reached space at an altitude of 55.45 miles before gliding smoothly to a runway landing at Spaceport America.

This successful test is a major move forward for both Virgin Galactic and human spaceflight in New Mexico. A number of test objectives were completed during the flight, including carrying revenue-generating scientific research experiments as part of NASA's Flight Opportunities Program. It also collected data to be used for the final two verification reports that are required as part of the current FAA commercial reusable spacecraft operator's license. Additionally, the spaceship's upgraded horizontal stabilizers and flight controls were tested and validated EMI reductions.

Virgin Galactic will now begin processing the data gained from this successful test flight and will soon report the findings from this flight to the Federal Aviation Administration, setting it up to receive the license needed to conduct regular spaceflights. That leaves Virgin Galactic with all but one of its FAA milestones completed and sets it up to receive the license needed to conduct spaceflights with paying passengers on board.

The last few months have emphasized what I said when RIO first launched 888; Virgin Galactic is likely to be one of the highest-risk stocks in the market, but equally in turn this stock has massive potential. In the short term, if the next test goes well, it is very likely that all outstanding FAA requirements will be completed, the issuing of this license would potentially see a significant rally in SPCE stock. Further upside potential comes from the fact that Richard Branson will rocket to the edge of space later this year. Richard's flight will receive massive media coverage and should this flight go without hitch it can only be good news for all invested.

Finally, although the above report concentrates on Virgin Galactic those invested will know from the terms and conditions that RIO 888 can hold a maximum of 70% of the total net asset allocation in Virgin Galactic stock. The remaining 30% of this investment's asset base can be utilized to trade gold stocks.

Gold stock trades this quarter

Due to the fact that Gold had fallen back it had in turn negatively affected gold stocks during the first part of the quarter, fortunately my experience in the gold market had led to my decision to hold off buying. That said, on the 25th of March I acquired PolyMetals stock (ticker symbol Poly.L), this position was subsequently closed in profit on the 20th of April taking profits for those invested. I reacquired the PolyMetals stock on the 4th of May at 1539 and subsequently sold the whole position on the 20th of May taking profits.

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The RIO Club