RIO Professional Investors Fund increases exposure to Gold!

27 April 2010

Gold summary

The gold rally was only temporarily stalled by a sharp drop in oil prices, triggered by an unexpected jump in US Department of Energy weekly petroleum inventories, according to Reuters. Oil prices eased more than USD 1.50 per barrel at one point, falling below USD83 per barrel, but erased the bulk of losses by the end of the day. Gold also shrugged off the impact of lower oil prices and traded higher as I had expected. Although I felt that trading conditions were very thin.

The International Monetary Fund released its semiannual "World Economic Outlook," portions of which could hold some relevance for gold prices; most notably the analysis of sovereign risk developments and global inflation pressures. The outlook warns of the ramifications of deepening in sovereign risk and states: "Sovereign risks in advanced economies could undermine any progress in financial stability which would extend the crisis. The rapid increase in public debt and deterioration of fiscal balance sheets could be transmitted back to banking systems or across borders." History shows that for much of this year, escalating Greek sovereign-risk concerns have been a drag on gold, as they triggered a rise in the demand for US Treasuries and hence boosted the USD. That said an interesting feature of recent trading is the strength in gold prices, despite Greek sovereign-risk concerns and a weaker Euro. I believe that it is possible that if sovereign risks persist, they could ultimately benefit gold as an investment as the demand for bullion as a safe haven begins to trump its other role as a hedge against USD weakness. Hence should sovereign risks undermine financial stability as the IMF report suggested I would not be surprised to see strong support for bullion.

Gold Market focus

Looking back through the year's history is full of turning points where the flow of fortune reverses, where wealth gets redirected, and where every individual's survival financial or otherwise can hang on a single decision.

But here's a fact that's more to the point.

Very few can see those changes happening while it still matters, I strongly believe that I have identified this potentially historic event and that we are entering such a time. My point is that radical change is something most people never see coming. But it happens regardless. I would draw member's attention to the data indicating that we are living in one of those moments right now!

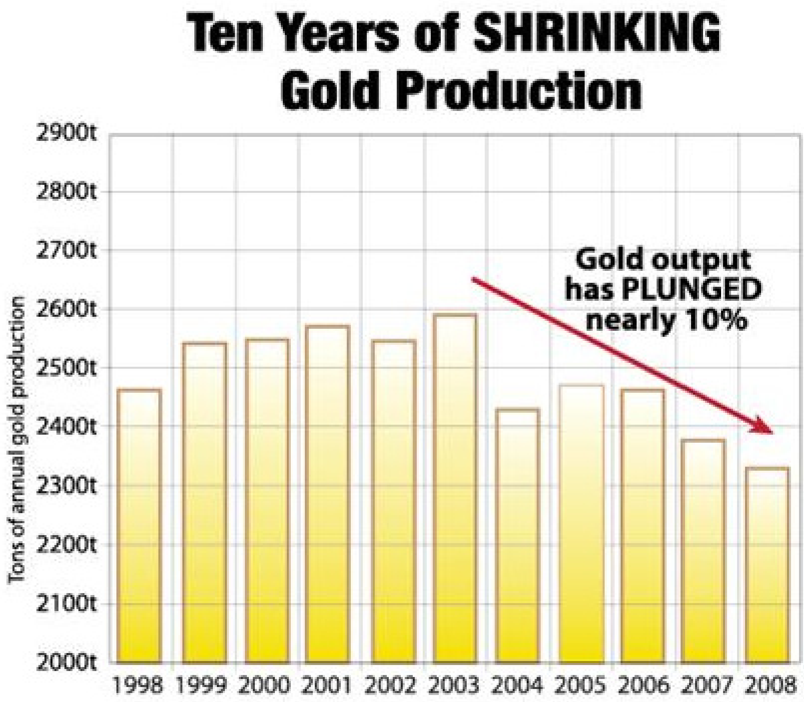
Indeed my opinion is that today's flow of global wealth has shifted. As such perhaps investors need to change their way of looking at things. After all let's face the fact that for some governments, companies, and for the public, it's never been tougher to stay solvent, tough times indeed then?

What of it? Could this mean that we see a marked shift to a Permanent High-Priced Gold?

Well the facts show that fifty years ago, you would get about 12 grams of gold for every ton of rock you pulled out of a mine. Today our research indicates that to get the same amount of gold and that's barely enough to make a small broach you would need to mine four times that amount of ore.

Any way you add it up, gold is physically harder to get. And the same goes for silver, most of which comes up as a byproduct of gold mining.This is an undeniable new force behind the rising price of Gold today.

Take a look at the chart below of global gold production over the last 10 years.



Research shows that for the first time in 12 years Gold Production is at new low, this is surprising as Gold has been in a bull market throughout this period. Our view is that above fact add to the growing list of reasons why we should see Gold prices moving still higher in coming months. Good news for those invested or about to invest in the RIO Professional Investors Fund.

Falling gold production leads to a huge gap between supply and demand. I would stress that alone could set another huge spike in a wealth-making opportunity.

Interesting and thought provoking facts

The U.S. was once the world's top gold producer not anymore now China holds the title.

South Africa was also once the world's top gold producer in the world. Today, they get half as much out of the ground as they did back in 1970. But of more interest is that they've just posted their weakest gold production year since 1956! In recent research I noted that one South African geologist explained it this way, "Our mines are getting too deep" another way of saying it's too expensive to recover the ore. "We could see a collapse of South African gold output, and I mean sooner rather than later."

Many things have changed, last time around, during the previous bull market in gold which occurred in 1979, there was not the severe supply shortage in the metal which I've just highlighted for you. The facts show that we didn't have a lot of the other factors which create a "perfect storm" in the precious metals market either.

Take demand from China and India. The economies of both countries were a fraction of their current size. Chinese and Indian central banks that amounted to next to nothing. It was even illegal for Chinese citizens to own gold then just as it was illegal for Americans between 1933 and 1974.

Look what happened when President Gerald Ford suddenly made it legal for Americans to hold gold again. The price rocketed, soaring 733% just from 1976 to 1980.

How much higher could this commodity go now, four decades later, where it's not only legal again for 1.3 billion Chinese to own gold, but when you add to that the staggering truth that their own government runs commercials on television urging them to buy!

Meanwhile, India is hoarding too having acquired up 220 tons of IMF gold at over $1,000 per ounce in October 2009. My research shows that Russia continues to hoard Gold as a so called hedge against holding U.S. dollars as a reserve currency.

Looking back in 1979, you also had no European Union and no E.U. central bank, either. There were no gold-backed exchange-traded-funds. And back then, many central banks were selling gold. I would point to the fact that today; many central banks are buying not selling.

Gold of course doesn't just keep rising in 2009 alone; we had seven gold corrections, six of which I traded on behalf of the RIO Professional investors fund with a decent gain seen on each trade. It may be important to note that each of the seven corrections witnessed through 2009 all corrections resulted in a positive move upward in the metal's price. Looking forward we are likely to see even more corrections for gold, silver, and other raw resources like oil and gas too, which ultimately produce the opportunity for traders like me to make money. To be precise RIO Professional investors fund has seen several consecutive trades in gold all of which produced decent gains; this fund has seen an overall gain of over forty percent in the past twelve months alone.

Gold may be the answer for Investor's currency concerns

One member recently asked me; could his savings parked in a major currency really disappear overnight?

My answer was simple ask anybody who knows the history of Russia, Rome and Romania or going back further the Mongols and the Persians they would confirm to that this has indeed happened in the past.

But when you consider that you can add Japan, Israel, Mexico, Greece, Hungary, Germany, France, China, Austria, Brazil, Bolivia, Argentina, Angola and even England who have all seen their currencies enter this unpleasant arena, it leaves little to the imagination, it could happen!

Could we see the mighty U.S. Dollar Disappear?

As I was studying the statistics I noted that from the beginning of monetary exchange, nearly 600 currencies have already disappeared forever from the “flying cash” notes of China’s Tang dynasty to the spectacular flameout of Zimbabwe dollars in 2009.

Half those were destroyed by inflation or hyperinflation. It may surprise members that almost 100 world currencies have disappeared since World War II alone!

History books show that most currencies only lasted an average of 15 years. **Today, the major currencies have an average 39-year lifespan.**

So you could say we’re overdue for a major currency breakdown! When it does, any wealth denominated in that dead currency will vaporize like rain on a hot sidewalk so be warned it could happen!

<u>Go back over the last 25 years and you’ll find something even more surprising</u>

…The single best year for stocks showed a 31% gain.

…it may surprise some that gold had a year with gains of 100.2%.

…as I said in a previous gold report, I had once collected gold coins, precious metal coins topped the charts at 198.8%

Several members have commented that they bought Gold when I recommended it first back in 2002; I also recall that some members sold their holdings in the metal in 2006 having made strong profits. Others held their positions taken but during 2007/8 with a more than reasonable gain seen. Recently Scot a long term member commented that you have to wonder after such a run, is this bull already out of steam?

And the answer is NO!

It well could become a raging bull.

For those in doubt here is something to consider, during the 1970s and early ‘80s, the yellow metal soared 2,329%.

We’re not even a fraction of that far today at just 323% in gains so far.

Today's markets carry an even bigger surge of demand, much tighter gold supplies, and the massive weight of more debt, fiat dollars, and inflation than at any other time in HISTORY! Come on Gold bull market over, well reader what do you think? Your comments would be welcome

If we close the "gold gap" between the last bull market's percentage gains in gold to the matching level gain today, you're talking a gold spike to *$23,450* per ounce!

If you translate the 1980 gold peak of $850 into today's dollars, you get a peak price of $2,230 still on the horizon. That's more than reason to invest in RIO Professional investors Fund and benefit from the next gold move.

<u>Am I alone…..no!</u>

Famous bear market investor Peter Schiff calls the U.S. dollar the "new peso" and says gold could soar to $5,000 before we're through.

Mining maven and gold expert Doug Casey agrees gold could hit $5,000.

Even the reserved Wall Street Journal posted data that shows that if you could put the dollar back on the gold standard gold right now it would go for $7,648 per ounce. You get that number by divvying up all the $2 trillion of new cash out there by all 261.5 million ounces of gold the U.S. government claims to have in reserve.

Gold expert James Turk recently commented that as early as 2013, we could easily see tomorrow's gold at $8,000 per ounce.

As for myself I would ask investors to keep in mind that every time the dollar drops 1%, gold's been going up about 4.7%. I would also point out that another 15% drop in the dollar alone could easily push the price to $1,990. RIO Professional Investors Fund anyone???

For years, I've urged readers to buy gold. I set up a traded mutual fund to make it easy for them to benefit from the upside we have all seen, to stay ahead of gold. I'm still urging members to pay attention now.

RIO's Professional Investors Fund is the Ultimate Wealth Protection against the Coming Dollar Collapse.

History after all clearly shows investors like billionaire hedge fund manager John Paulson who made $2.5 billion calling the subprime bust and now has 50% of his fund's money parked in gold.

Then there's money manager David Einhorn, who called the Lehman Brothers collapse. Recently he's piled into gold-mining shares, call options on gold, and the physical metal.

Legendary billionaire investor Paul Tudor Jones is now moving in to gold. In fact I was shown a recently letter to investors in his management fund that read, "I have never been a gold bug. It's an asset, just like everything else, that has its time and place. And now is that time."

What do these guys know?

They’re just as worried about the Fed’s dollar-printing, debt-cranking, money- supply-expansion as I am. Gold is just the clear and natural hedge against the tidal wave of inflation that could soon follow it’s that simple.

<u>That’s exactly why the smart money flocks to gold in a crisis, as it has in the past</u>.

Think about it. Just before the crash of 1929, mega-rich investors such as J.P. Morgan, Joseph F. Kennedy, J.D. Rockefeller and Bernard Baruch all managed to shift their money out of stocks and into gold that’s historic fact. Was this an accident? No, not a chance, perhaps though they were aware of the famous “golden rule” He with the gold rules!

To recap why invest in RIO Professional Investors Fund, which trades gold?

- Given the substantial increase in money supply, inflation is inevitable. Real assets such as precious metals act as a hedge against inflation
- Precious metals have historically been uncorrelated to other asset classes, adding to the long-term returns of the Fund.
- Limited supply of Gold worldwide supports supply and demand fundamentals.
- Precious metals such as Gold in your portfolio historically protect against the effects of economic and geopolitical uncertainly.
- Direct exposure to commodities such as Gold has historically shown superior risk adjusted returns, compared to precious metals equity funds that trade gold mining stocks.

William Gray
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