



I have recently returned from my break in Europe. I spent a week in Athens during my leave and I took the opportunity to talk to a cross section of Greek people first hand in order to get their take on the recent vote on austerity. All were consistently and strongly against further austerity and felt that the recent vote had been rigged. No one I talked to voted for more austerity and that included a very wide range of people - taxi drivers, hotel workers and managers, restaurant owners, police, shop owners and several business people.

Interestingly my next port of call was Germany where I spent ten days and yet again I talked to many people and found them also highly opinionated, feeling strongly that Greece must take on further cutbacks to be able to pay their debts. There was strong resistance to the thought of giving more loans.

Since my return to Asia I was pleased to note that my first report was received well, and thank you to the multitude of members who made comments on this report and especially too those who congratulated me on the Fund performance for August. Your comments were appreciated; I was also pleased with the return realised as a direct result of my repositioning of asset class earlier in the year.

Below I have illustrated the return, providing a comparison for RIO Professional Investors Fund vs the markets over 6 months, and have decided to email results to all members invested or not. As such, I have included data for 1, 2, 3 year periods. The statistics are compelling indeed as many people have commented lately. RIO Professional Investors Fund has done well, not only in August but also in the six months in which Donald and his two colleagues became new members.

	1 Month	6 Months	1 Year	2 Years	3 Years
<b>RIO Professional</b>	2.31%	6.44%	10.54%	28.59%	68.76%
<b>FTSE 100</b>	-0.02%	-3.71%	5.41%	6.43%	18.50%
<b>DOW Jones</b>	0.88%	0.85%	13.90%	27.47%	40.60%

More importantly the Fund continues to outperform the main markets as it has done for the past three years.

**Recent performance** - The Gold and Silver rally I predicted in May arrived as forecasted and this has continued to benefit the Fund with both our Gold and Silver posting strong gains.

**Questions raised as a result of last week's report;** To answer what I meant in my last report when I said "that I took profits on gold and silver", this did not mean I just moved the profit to cash. It means that I closed 50% of the total position held by the Fund in Gold and Silver. I sold 50% to cash which included profit on the position. I did this ahead of the US employment data for the good reason that there is much talk about a third round of quantitative easing (QE3) which will be on the agenda at the upcoming FED meeting this Wednesday.

Any more QE could lead to further market upside but, without this, profit taking could ensue since I believe that the markets have already priced in QE3. This is one reason that I sold 50% of the position a few days ago and which secured gains before this FED meeting as well as reducing risk.

Of course, there could be further gains especially since I am forecasting so, but I believe strongly in controlling the risk exposure and am comfortable with gains realised both on Gold and Silver trades previously placed and was happy to close 50% of position. My philosophy is and always has been to take profit without over-weighting/ increasing risk with the possible result being a diminution of profit.

I predict that there is likely to be some currency volatility ahead of the US election and I intend to take advantage of this to trade (currency markets are the largest liquid market in the world) offering what represents massive opportunities for event traders such as myself.

An interesting historical fact is that since its inception the Fund has historically traded in Sterling/Dollar/Sterling very profitably with all but one trade finishing in a positive position.

I have also traded Yen/Dollar/Yen for this Fund again relatively successfully with a 98% success rate to date, importantly my active trading of these have added to the Fund's performance over the years.

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**The RIO Club**