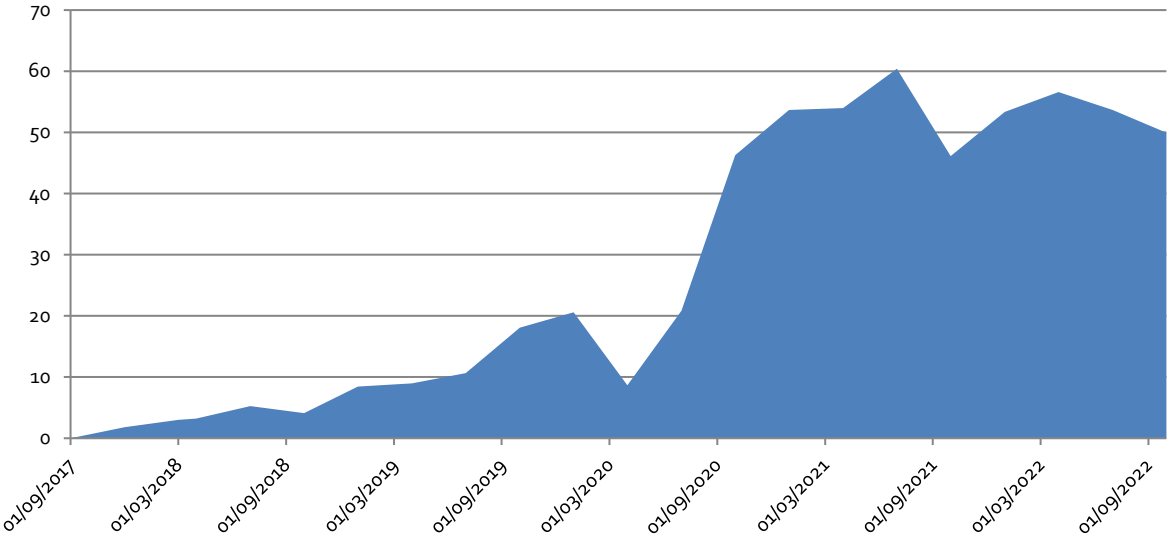




RIO Silver Lining has produced a net gain of 49.97% since its launch. The advantage of this investment over that of a standard buy and hold investment in Silver is exemplified by the fact that RIO Silver Lining has significantly outperformed the benchmark, spot silver, which has returned just 8.41% in the same period.

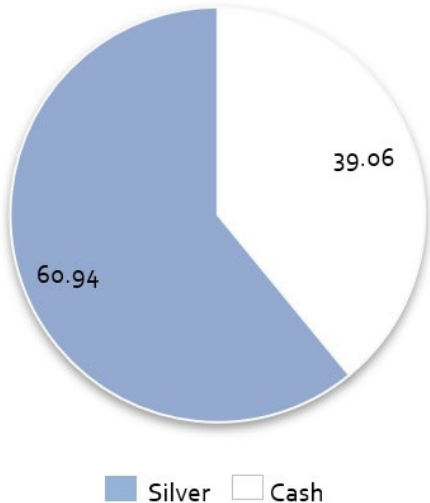


Looking back, since inception the precision trades and cash weightings had significantly reduced the downside and bolstered returns. That said, during the third quarter, this investment posted a loss of 2.42%, the loss filed was in stark comparison to the spot silver price, which had fell over 6% in the same period.

During September the metal had entered an oversold position, briefly touching \$17.58, close to a twelve-month low. But as October opened trading action had already pushed Silver higher, it had climbed back above \$19, and by Tuesday the 4th, as markets in London closed, the metal had skyrocketed to over \$21. 27 an ounce.

I sold 50% of the metal held, locking in gains for those invested. This sale had reduced the asset weighting to silver from the 60.94% position on the 30th, to just over 30% on the 4th, the remainder being held in cash.

My experience had led me to anticipate that I should be able to reacquire the metal much lower, and I have set a target price of \$18.80; today as I write silver has fallen back to \$18.92 with some downward pleasure remaining. I expect to see my buy order filled at \$18.80 or below in the coming days.



■ Silver □ Cash

The potential for silver to rally in the coming years is undoubtedly there. The massive push of green energy certainly bodes well for the shiny metal. The all-time high for silver was \$50/oz set in 1980, and it retested at \$50 an ounce in 2011 but failed to breach the high.

In today's market, very few assets, let alone a commodity, are trading at such a massive discount to their all-time high. This statement is amplified when you consider currency debasement, which is accelerating every month.

William Gray
The RIO Club