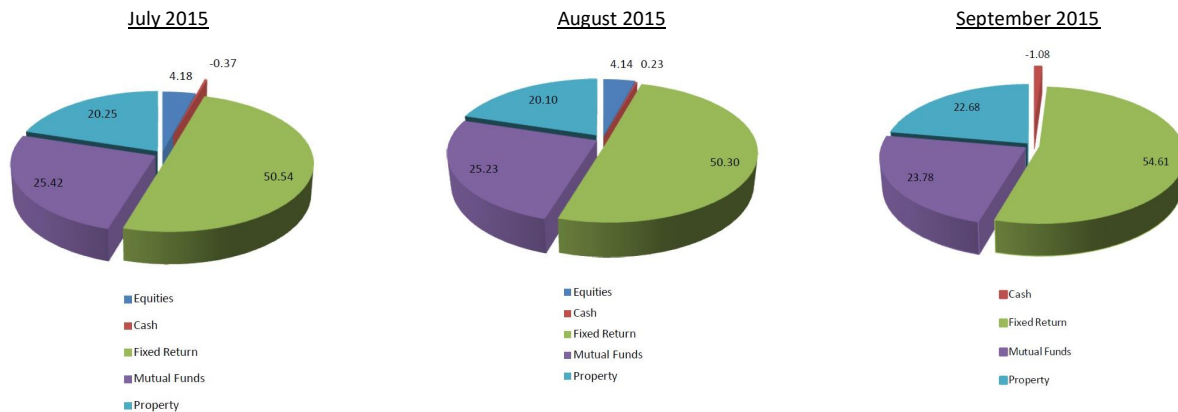




The Fund has both reduced risk and maximised any possible gain going forward!

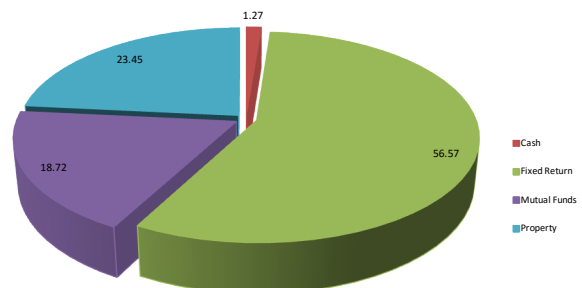


The planned removal of all direct stock within the Fund was completed during July, as one can see from the above PIE charts (01/08/15). This marks a significant change for the Fund which has historically held a small weighting of between 3-7% in stocks. The reason for the change is simple; the risk versus reward ratios of stocks held had changed, simply put the outlook remains negative for such holdings. Since February this year the direct stock assets had represented what can only be described as an anchor effect on the Professional Investors Fund, having a dragging/hampering impact on the Fund's positive performance. Accordingly, they were sold or dispersed where appropriate.

The Direct stock assets had represented 4.14% of the Fund in July. The percentage held had been reduced to nil during July and by the end of August the PIE chart portrays the direct stock exposure of the Fund as zero. This was timely, since stock assets were realised ahead of the stock market correction witnessed through August. The volatility continues to plague the stock market, as predicted.

What effect will this removal of stocks have? One positive effect is that I have lowered the risk. This is very significant since I stand by my prediction that we will see more volatility in the markets through October. Since there's increased risk in markets I have also reduced the Fund's weighting to other mutual funds from 25.23% in June to 23.78% by end of August which is reflected in the pie chart dated 1st September above.

Those invested will be pleased as the negative impact of the stocks, combined with the profits realised by both the Fund's Fixed Income assets and Property holdings in September, has placed the Fund in a positive position, as I write the effects of asset class repositioning has led to yet another positive month being recorded.



PIE Chart for 01 October 2015

Looking ahead, due to the fact that I predict continued volatility in the markets I will push on with the reallocation of assets. I am targeting the reduction of the current weighting of 18.72% in other mutual fund holdings to below 17% by end of this month, as I continue the reduction of risk. Today with the new asset allocation the downside to the Fund is currently the lowest it has been all year.

The continued reduction in the weighting position of other mutual funds will, in turn, increase the weighting of the lower risk hard asset classes. To make it very clear, I will reposition the Fund, increasing its holdings in both its UK property holdings and fixed return assets. These assets have historically performed well for the Fund and, at their current values, are very likely to continue to produce positive results. Importantly, both these asset classes have an added attraction in that they currently carry little in downside risk but have the possibility of producing a strong positive performance, certainly to year end.

The net result of the new asset weighting will be that the Fund will be positioned to end the year at or very near its target return. The current short term (three months) downside risk has been reduced to 1.26%, against which I estimate the short term upside to be above 5%.

William Gray
Fund Manager
RIO Professional Investors Fund