

RIO Professional Investors Fund Part 2

23 January 2012

Those invested in RIO Professional Investors Fund should, as stated in Part 1, see benefit from the recent trading in Gold, assuming that my forecast is proven correct.

Gold

When reading the report below it is imperative that the reader allocates time to open the links.

Part 1 did not reflect all the reasons for my confidence in the recent trading. There are many others to indicate why Gold will trade higher this year. By December a correction of over 16% (over sold) was seen, bolstered through large redemptions by institutional fund managers ahead of their seasonal bonus period. I was well aware that the same institutions at the beginning of 2012, I would then reposition trades in Gold, and this has already happened.

Another positive factor on Gold price is the wedding season in India which is just getting under way. This is based on the lunar calendar and traditionally sees the buying and giving of Gold to properly celebrate these nuptials, thus increasing demand to support the price.

http://www.moneycontrol.com/news/wire-news/gold-buying-firm-as-wedding-season-restarts_649756.html

To the two positive factors above can be added that earlier research showed that China would become active in the market. This has since been backed up recently by a public statement by China stipulating that they are wishing to add to their Gold reserves and would join the many nations who did so in 2011. There are also likely to be monetary issues surrounding the internationalisation of the Yuan.

The Yuan was previously unavailable to those wishing to bank in this currency outside China; this is now no longer so, since banks in Singapore are already offering the facility to hold deposits in this currency. China is pushing forward with realignment of its international monetary policy in a bid for its currency to gain recognition perhaps as an alternative to the US Dollar. The currency of the richest government in the world in paper money terms (China) would need to be backed by a far greater percentage of Gold reserves than currently held. **The golden rule is he with the Gold rules!**

We are very likely to see China add to its reserves, another supporting factor in maintaining the price of Gold and controlling any down side. Previously they have been blocked from large Gold acquisitions, hence a good reason why they have aspired to become the largest Gold producer in the world. (More on this in a later report).

Most people are unaware of the hidden additional demand for Gold through so-called secret buyers, whose large acquisitions of this commodity are made on the international

market often at a premium. It is enlightening that these purchases are made not by institutions, but by countries instructing their central banks to buy Gold without declaration!!

<http://www.zerohedge.com/article/secret-iran-gold-holdings-leaked-tehran-holds-same-amount-gold-united-kingdom-and-buying-more>

Even without those purchasing and investing there are other factors which will drive the price upwards, like current world events, such as the escalation of unrest in the Middle East. This would see Gold push far higher. This region is still a tinderbox and Syria may join the growing list of countries requiring foreign intervention as unrest spreads.

<http://www.infowars.com/us-special-forces-mass-on-syrian-border/>

Add to the above that many unhappy nations have already diversified their countries in a move away from the plagued USD. Their central banks have hedged by buying a basket of other currencies. Several have also publicly expressed dissatisfaction with current US monetary policy, which effects the entire world due to the USD trading standard system. There are several who have entertained multinational talks on an alternative to the USD trading standard system, and even rallied support for this. Support for this would favour a rapid rise again in Gold's value.

Very recently there are those who have also taken action towards attempting to change the world financial system more swiftly through the proposed issuance of Gold coinage—arguably a very dangerous game! Is this why suddenly and swiftly Gaddafi was silenced permanently? An example to others considering such actions? It is more poignant to know he was killed with his own golden gun -a very clear and violent message to those interested in upsetting the fragile US Dollar standard trading system?

<http://www.youtube.com/watch?v=GuqZfaj34nc>

I could list several more compelling reasons for Gold to shine in 2012. For those not yet invested in the Professional Investors Fund, which has traded Gold since the beginning with remarkable accuracy, statistics show that every Gold trade executed has closed in profit from inception to the end of November 2011 (100% perfect trading record). Perhaps this is one factor which will galvanise those not invested in the Fund into taking action and doing so!

No Gold trade placed on behalf of the Fund has lost money there are very few fund managers who can lay claim this perfect record!

Finally, in closing last Thursday the first Silver trade for the fund closed, with the expected 3% net gain; a good start.

William Gray
Fund Manager, RIO Professional Investors Fund