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Gray on Gold

BY SCOTT YOUNGER



Scott Younger is Director of PT Nusantara Indonesia and the President Commissioner of PT Glendale Partners.

William Gray is the founder of the RIO Club, which he believes to be the largest private investment club in Southeast Asia. RIO stands for Real Investment Opportunities, the name being derived from an anagram of ROI, return on investment. He established the club during 1995 as a “private investment club,” meaning that membership is available by referral only.

Initially established with only 50 members, the current membership is 843. The average investment per member is around \$800,000; as such assets under management now

exceed \$650 million. One major benefit offered by RIO is that both its fund management and administration charges have remained unchanged since the club’s inception at less than 1% AUM.

William is an experienced trader, with a special focus on gold, with career spanning twenty years. During September 1998, in the club’s newsletter, William was among the first in the industry to correctly predict the arrival of the bull market in gold. In the three years that followed, he wrote many investment reports on this metal. He is perhaps best known for his February 2002 report, aptly titled “Gold to shine again,” where he recommended members to buy bullion at \$281 an ounce. This report was important as it was written just as this commodity began its historic

rally, which lasted over a decade, bringing gold close to \$2,000 an ounce. In September 2011, William recommended members sell gold at \$1,800 and he himself sold 70% of the club’s gold bullion on September 12, 2011 at \$1,830 an ounce. Many investment publications announced the end of the bull market in gold in February 2012 when gold averaged \$1,673.

William went on record in the March 2012 issue of *Forbes Indonesia* magazine predicting that gold would continue its rally. In this article he predicted that gold would most likely peak in September 2012, over \$1,800. Gold reached its peak at \$1,791.75 on October 4, 2012. William closed 100% of RIO’s position in the shiny metal at \$1,779 during September, a profit of over 630% since his buy recommendation. The following are comments on his personal journey and views on the market. (In disclosure, the author has been a member in the RIO Club since its inception in 1995.)

SCOTT YOUNGER: Please tell us a little bit about yourself.

WILLIAM GRAY: I was adopted and raised in northeast Scotland. My father was a stockbroker, which may have contributed to my early fascination with making money, something even in my teens I found relatively easy to do. I was almost 12 when my father bought me stock in BP Plc with money



GOLD'S JOURNEY

Bill Gray bought gold in 1998 and 2002, and sold in the late 2011 and late 2012.

GOLD 20 YEARS



Source: iGolder.com

I had saved. After watching that stock rise, I was hooked and began to follow the markets. More savings went into stocks which, by 14, I was selecting myself and which I continued to do in the years following. Then in late 1978 I made my first investment in gold, through collecting gold bullion coins. Realizing a gain in excess of 100% in just over a year, the profits alone paid for my first performance car.

Even though my father was a stockbroker, I spurned his requests to join his business. Having obtained an engineering degree, I was recruited by the army, where I remained for over eight years. The death of my father made me take stock of my life and I decided to make good use of my decades of trading experience. During 1994 I relocated to Southeast

I believe the world has yet to realize just how seriously China has taken its investment in gold.

Asia and started my new career in the investment industry, and over the years I fell in love with this part of the world.

SY: What does the RIO Club offer and what about recent performance?

WG: RIO mutual funds and investment products have always been promoted to members only, they are not available to the general public. We continue to offer a bespoke service with direct access to the investment manager as opposed to the industry standard being via a third party. The RIO staffs are all specialists in their field. I have twenty years of experience in multi-asset

management and having personally designed, established and managed several mutual funds over the past two decades.

One example of investment performance would be the RIO Professional fund, which has produced a net gain of over 60% in the period May 2010 to May 2014, exceeding the returns realized in all three major markets—the Dow Jones, FTSE 100 and S&P 500. More importantly, we achieved this with significantly lower risk to capital. RIO products today are mostly focused on low risk. The stock market is overdue for a correction. When the Federal Reserve stops the printing presses, the market will crash.

SY: You mentioned gold. Would you like to elaborate?

WG: I remained out of this market for most of 2013 and re-entered this market in October buying physical gold bullion coins at \$1,265. India is just about to reverse its previous stance on gold import duties, and as such gold will see further support at current levels. There are many reasons to invest in gold bullion, one being the continued devaluation of the dollar.

I also find the global movements in this commodity fascinating. I believe the world has yet to realize just how seriously China has taken its investment in gold. Perhaps this is their hedge against further U.S. dollar devaluation, especially given that China currently holds over 60% of its foreign reserves in this currency.

I predict that next year China will reveal its gold reserves, something that it has not done since 2009. When China declares that it has cornered the gold market, then this metal will be back in the mainstream news. It seems to have gone unnoticed that the Shanghai gold exchange has become the largest physical gold exchange in the world. I would also forecast that by 2015, China's gold reserves will have surpassed that of the U.S., in doing so, it will have the largest gold reserves in the world. 